

UMzimkhulu

Municipality



2020/2021

FINAL BUDGET AND SUPPORTING DOCUMENTATION

29 May 2020

FINAL BUDGET OF
UMzimkhulu
Municipality

2020/21 TO 2022/23
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Part 1 – Annual Budget

Mayor's Speech

Introduction

To the Honourable Speaker, EXCO members, Councillors, Amakhosi asendlunkulu, the Municipal Manager, Heads of Departments, municipal officials and members of the community.

It is my pleasure, in my capacity as Mayor of the UMzimkhulu Local Municipality, to present the final medium term revenue and expenditure framework (MTREF) for the 2020/2021 financial year and ensuing two years. In terms of section 16(1) (2) of the MFMA – when preparing the annual budget, the mayor of a municipality must:

In terms of section 16 (1) of the MFMA states that the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

(2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the financial year.

Thus taking into account the provision of the MFMA as stated above, I present to you all the final MTREF for 2020/2021 to 2022/2023. The intention is to bring forth the highlights contained within the final budget in its current form even though the budget and IDP outreached were not done due the COVID 19 pandemic; however certain strides were made through the advertisements through the local newspaper, municipal website, municipal facebook page and distribution of pamphlets. An extensive review was done to ensure that budget preparation process itself complies with relevant legislations.

Thus taking into account the legislation that regulates the entire budget preparation and approval processes. Council must, by the end of these proceedings, approve and adopt resolutions, in terms of section 24 of the MFMA, the final mSCOA budget of the municipality for the financial year 2020/2021 and the multi-year and single-year capital appropriations and also the financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets as detailed in the municipality's MTREF document. The Council of UMzimkhulu Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000), must also approve and adopt with effect from 1 July 2020, the final tariffs for property rates with no increase imposed due to economic crisis that are deepened by COVID 19 pandemic, tariffs for solid waste services and tariffs for other services.

In 2014 Municipal Regulations on a Standard Chart of Accounts (mSCOA) was introduced to enable government to actually identify communities that benefits on government spending and to have a uniform reporting throughout the local government sphere. This regulation requires that all municipalities must be in full compliance with mSCOA by the outer compliance date of 1 July 2017.

The council should note that the municipality is currently transacting on mSCOA version 6.3. However it should be noted that there are still challenges in the implementation of the mSCOA such as alignment of the data string and National Treasury budget schedule, but the municipality is very much optimistic that all the challenges will be resolved, as all other municipalities are encountering similar challenges especially on A1, A6, A7 and A9 schedules (portion of assets summary).

The municipality is currently preparing the final MTREF using mSCOA version 6.4 that the municipality will be transacting on by the 1st of July 2020 and this indicates that there is lot of work that is being done to ensure that the municipality complies with the regulations.

The municipality has applied the sound financial management principles when compiling the final mSCOA budget to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core and 'nice to have' items in order to adhere to the Municipal Cost Containment Regulations. It should be noted that the municipality has done tremendously well on implementing some strategies to reduce excessive spending on non-core and consultancy fees.

The UMzimkhulu Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring that people lead government.

National Treasury's MFMA Circulars No 48, 51, 55, 58, 59, 66, 67, 70, 72, 74, 75, 79, 82, 85, 86, 89, 91, 92, 93, 94, 98, 99 and PT-FM 10&11 were used as guidelines in the compilation of the 2020/2021 MTREF.

The main challenges experienced during the compilation of the 2020/2021 final MTREF can be summarised as follows:

- All the mSCOA requirements in order for the municipality to be compliant (resistance to change and capacity to implement the new business reform)
- The on-going difficulties in the national and local economy;
- The unemployment in the community that we are serving, having a negative impact on the collection of revenue, and increasing number of indigents.
- Aging and poorly maintained storm water drainage, roads and municipality buildings
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Decreased funding of capital projects resulting in cutting of some of the projects that were supposed to be done in this financial year, thus delaying the service delivery;
- The challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.
- Non-Availability of funding on developments of projects

However given the challenges above, the municipality has also taken into account the institutional strategic objectives and priorities when compiling the final mSCOA budget in order to ensure that the limited resources are prioritized to meet the needs of the community and ensure that service delivery is evident by UMzimkhulu community as a whole. The municipality has considered KZN Provincial comments and inputs in the finalisation of the budget.

The final budget presentation reflects the following summary estimates:

Summary Budget 2020/2021**KZN435 UMzimkhulu Municipality Revenue and Expenditure 2020/2021**

Description	Budget Year 2020/2021	Budget Year 2021/2022	Budget Year 2022/2023
Revenue			
Property rates	9,236,767.00	9,661,641.00	10,106,096.00
Service charges - refuse revenue	2,753,127.00	2,879,772.00	3,012,240.00
Rental of facilities and equipment	578,962.00	605,592.00	633,456.00
Interest earned - external investments	11,054,951.00	11,563,476.00	12,095,400.00
Interest earned - outstanding debtors	505,100.00	528,336.00	552,648.00
Fines	652,500.00	682,512.00	713,916.00
Licenses and permits	50,000.00	52,300.00	54,706.00
Agency service	1,200,000.00	1,255,200.00	1,312,944.00
Other revenue	1,659,350.00	1,735,680.00	1,815,516.00
Total Own Revenue	27,690,757.00	28,964,509.00	30,296,922.00
Transfers recognised - operational	209,938,000.00	220,107,000.00	232,204,000.00
Equitable Share	202,075,000.00	216,297,000.00	228,300,000.00
Finance Management Grant	1,900,000.00	1,900,000.00	1,900,000.00
Expanded Public Works Programme	3,009,000.00	-	-
Community Library Services Grant	911,000.00	975,000.00	1,023,000.00
Provincialisation of Libraries	905,000.00	935,000.00	981,000.00
Human Settlement	1,138,000.00	-	-
Transfers recognised - capital	43,097,000.00	54,668,000.00	57,281,000.00
Municipal Infrastructure Grant	43,097,000.00	46,668,000.00	49,281,000.00
Sports Facility Grant	-	8,000,000.00	8,000,000.00
Total Revenue	280,725,757.00	303,739,509.00	319,781,922.00
Operational Expenditure			
Employee related costs	108,834,364.00	115,636,536.00	122,863,824.00
Remuneration of councilors	18,316,183.00	19,415,124.00	20,580,024.00
Depreciation & asset impairment	56,692,976.00	59,300,856.00	62,028,684.00
Contracted Services	53,001,000.00	55,439,076.00	57,910,932.00
Repairs and Maintenance	19,760,000.00	20,668,932.00	21,619,764.00
Transfers and Subsidies	150,000.00	156,900.00	164,112.00
Other Materials	6,550,000.00	6,851,316.00	7,156,812.00
Debt Impairment	2,100,000.00	2,196,600.00	2,244,708.00
Other Expenditure	47,966,000.00	50,586,360.00	52,393,128.00
Total Operational Expenditure & Assets	313,370,523.00	330,251,700.00	346,961,988.00
Capital Expenditure			
Municipal Infrastructure Grant (MIG)	43,097,000.00	46,668,000.00	49,281,000.00
Transfer from Operational Revenue (Own Capital)	52,495,000.00	-	-
Total Capital Expenditure	95,592,000.00	46,668,000.00	49,281,000.00
TOTAL EXPENDITURE	408,962,523.00	376,919,700.00	396,242,988.00
Electrification (INEP) - Municipal act as an Agent	8,100,000.00	8,000,000.00	6,000,000.00

The council should note that the final mSCOA budget is cash backed even though the budget shows a deficit of R128 236 766, this is due to non-cash items such as Depreciation, Debt impairments and Cash Reserves.

Ladies and gentlemen please note that there is a final mSCOA budget template detailing this summary as per the mSCOA classification framework.

Ladies and gentlemen, may I take this opportunity to thank you for your attentiveness and your contribution in the on-going development of UMzimkhulu. Stay at home and adhere to all the directives and regulations issued by government on COVID 19. Be safe and God be with you in these trying times.

Thank you

Councillor M. Mpabanga

Mayor of UMzimkhulu Municipality

1.1 Council Resolutions

On 29 May 2020 the Council of UMzimkhulu Municipality met in the Council Chambers of UMzimkhulu Municipality to consider the Final budget of the municipality for the financial year 2020/21. The Council approved and adopted the following resolutions:

1. The Council of UMzimkhulu Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The final budget of the municipality for the financial year 2020/21 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 5 on page 24
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 6 on page 25;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 7 on page 26; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 8 on page 28.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 9 on page 30;
 - 1.2.2. Budgeted Cash Flows as contained in Table 10 on page 32;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 11 on page 33;
 - 1.2.4. Asset management as contained in Table 12 on page 34;
 - 1.2.5. Basic service delivery measurement as contained in Table 13 on page 39; and
 - 1.2.6. Services Delivery standard as contained in Table 50 on page 106.
2. The Council of uMzimkhulu Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2020:
 - 2.1. the tariffs for property rates – as contained on page 12
 - 2.2. the tariffs for solid waste services – as contained on page 13
3. The Council of uMzimkhulu Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2020 the tariffs for other services.
4. To give proper effect to the municipality's annual budget, the Council of uMzimkhulu Local Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

1.2 Executive Summary

The application of sound financial management principles for the compilation of the UMzimkhulu Municipality financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. Key areas where savings were realized were on telephone and internet usage, printing, workshops, overseas and national travel, accommodation, and catering.

The UMzimkhulu Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 98 and 99 were used to guide the compilation of the 2020/21 MTREF.

The main challenges experienced during the compilation of the 2020/21 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- The unemployment in the community that we are serving, having a negative impact on the collection of revenue, and increasing number of indigents.
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The municipality not going to receive Infrastructure Sport Facility Grant resulting in cutting some of the projects that were supposed to be done in the 2020/21 financial year, thus delaying the service delivery; and
- Availability of affordable capital/borrowing.
- To adhere on mSCOA

The following budget principles and guidelines directly informed the compilation of the 2020/21 MTREF:

- The 2019/20 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2020/21 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2020/21 Medium-term Revenue and Expenditure Framework:

Consolidated overview for the 2020/2021	4.5%	4.6%	4.6%
	Budget Year 2020/2021	Budget Year Outer Year +1 2021/2022	Budget Year Outer Year +2 2022/2023
Revenue			
Own Revenue	27 690 757.00	28 964 509.00	30 296 922.00
Operational Grants	209 938 000.00	220 107 000.00	232 204 000.00
TOTAL OPERATIONAL REVENUE	238 025 197.00	249 486 208.06	262 923 651.63
Capital Grants	43 097 000.00	54 668 000.00	57 281 000.00
TOTAL REVENUE	280 725 757.00	303 739 509.00	319 781 922.00
EXPENDITURE			
General Expenses	166 549 976.00	174 531 108.00	181 898 376.00
Salaries	127 150 547.00	135 051 660.00	143 443 848.00
Repairs & Maintenance	19 760 000.00	20 668 932.00	21 619 764.00
TOTAL OPERATIONAL EXPENDITURE	313 370 523.00	330 251 700.00	346 961 988.00
Capital Grants	43 091 000.00	46 668 000.00	49 281 000.00
Internal Generated Fund	52 495 000.00		
TOTAL CAPITAL EXPENDITURE	95 592 000.00	49 668 000.00	49 281 000.00
TOTAL EXPENDITURE	408 962 523.00	376 919 700.00	396 242 988.00

Total operating revenue has slight increase by 5 per cent or –R12 million for the 2020/21 financial year when compared to the 2019/20 Adjustment Budget. For the two outer years, operational revenue will increase by 4.6 and 4.6 per cent respectively, equating to a total revenue growth of R11 million over the MTREF when compared to the 2019/20 financial year.

Total operating expenditure for the 2020/21 financial year has been appropriated at R30.3 million when compared to the 2019/20 Adjusted Budget, operational expenditure has grown by 9 per cent in the 2020/21 budget and by 4.6 and 4.6 per cent for each of the respective outer years of the MTREF.

The own funded capital was budgeted at R40.3 million in the previous year and again for 2020/2021 is at budget at R52.5 million this amount will be utilised to procure a Computer equipment, Office furniture, plant machinery, transport Assets, and Intangible Assets.

The capital budget of R95.6 million for 2020/21 is 15 per cent less when compared to the 2019/20 Adjusted Budget. Infrastructure Sport Facility Grants does not have allocation budget for 2019/2020 the amount of R7 million for Sport Facility Grants is in municipal account and it will spent in the current financial year. The outer years has a budget of R46 million in the 2021/22 and R49 million in 2022/23. Consequently, the capital budget remains relatively flat over the medium-term.

1.3 Operating Revenue Framework

For UMzimkhulu Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 40 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2020/21 MTREF (classified by main revenue source):

Table 2. Summary revenue classified by main source

UMzimbhulu Municipality

2020/21 Final Budget and MTREF

KZN435 Umzimbhulu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Revenue By Source											
Property rates	2	6 989	8 767	7 722	9 978	9 633	9 633	9 633	9 237	9 662	10 106
Service charges - electricity revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - water revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	2	1 803	2 711	2 854	3 209	2 719	2 719	2 719	2 753	2 880	3 012
Rental of facilities and equipment		1 184	552	544	559	559	559	559	579	606	633
Interest earned - external investments		10 802	13 234	14 944	8 056	13 117	13 117	13 117	11 055	11 563	12 095
Interest earned - outstanding debtors		243	280	348	364	476	476	476	505	528	553
Dividends received				—	—	—	—	—	—	—	—
Fines, penalties and forfeits		689	695	408	408	721	721	721	653	683	714
Licences and permits		674	1 197	50	50	50	50	50	50	52	55
Agency services		499		1 200	1 200	1 200	1 200	1 200	1 200	1 255	1 313
Transfers and subsidies		158 438	167 042	174 938	195 183	195 879	195 879	195 879	209 938	220 107	232 204
Other revenue	2	2 534	1 730	2 472	1 404	1 667	1 667	1 667	1 659	1 736	1 816
Gains		—	—	—	—	3	3	3	—	—	—
Total Revenue (excluding capital transfers and contributions)		183 854	196 207	205 480	220 411	226 025	226 025	226 025	237 629	249 072	262 501

KZN435 Umzimbhulu Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Supporting indicators												
% inc total service charges (incl prop rates)	18(1)a			30.8%	(7.9%)	24.7%	(6.3%)	0.0%	0.0%	(2.6%)	4.5%	4.5%
% incr Property Tax	18(1)a			25.4%	(11.9%)	29.2%	(3.5%)	0.0%	0.0%	(4.1%)	4.5%	4.5%
% incr Service charges - electricity revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - water revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - sanitation revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - refuse revenue	18(1)a			50.4%	5.3%	12.4%	(15.3%)	0.0%	0.0%	1.2%	4.6%	4.6%
% incr in	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		8 791	11 478	10 576	13 186	12 353	12 353	12 353	11 990	12 541	13 118
Service charges			8 791	11 478	10 576	13 186	12 353	12 353	12 353	11 990	12 541	13 118
Property rates			6 989	8 767	7 722	9 978	9 633	9 633	9 633	9 237	9 662	10 106
Service charges - electricity revenue			-	-	-	-	-	-	-	-	-	-
Service charges - water revenue			-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue			-	-	-	-	-	-	-	-	-	-
Service charges - refuse removal			1 803	2 711	2 854	3 209	2 719	2 719	2 719	2 753	2 880	3 012
Service charges - other			-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment			1 184	552	544	559	569	569	559	579	606	633
Capital expenditure excluding capital grant funding			5 643	(12 161)	44 653	44 550	40 338	40 338	40 338	52 495	-	-
Cash receipts from ratepayers	18(1)a		17 767	16 257	12 077	12 852	12 844	12 844	12 844	12 534	13 110	13 713
Ratepayer or Other revenue	18(1)a		14 614	15 931	15 598	17 172	17 026	17 026	17 026	16 536	17 401	18 202
Change in consumer debtors (current and non-current)			2 221	1 576	3 189	929	929	929	929	424	453	474
Operating and Capital Grant Revenue	18(1)a		199 039	211 349	225 824	258 799	269 085	269 085	269 085	253 035	274 775	289 485
Capital expenditure - total	20(1)(v)		45 328	41 332	95 539	108 166	113 544	113 544	113 544	95 592	46 568	49 281
Capital expenditure - renewal	20(1)(v)		-	254	1 487	800	800	800	-	2 665	-	-
Supporting benchmarks												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY										206 984	218 197	230 200
DoRA capital grants total MFY										51 197	54 668	55 281
Provincial operating grants										2 954	1 910	2 004
Provincial capital grants										-	8 000	8 000
District Municipality grants										-	-	-
Total gazetted/advised national, provincial and district grants										261 135	282 775	295 485
Average annual collection rate (arears inclusive)												
DoRA operating												
Local Government Equitable Share										202 075	216 297	228 300
Finance Management										1 900	1 900	1 900
Community Library Services Grant										911	975	1 023
Provincialisation of Libraries										905	935	981
Human Settlement - Title Deeds										1 138	-	-
EPWP incentive										3 009	-	-
										209 938	220 107	232 204
DoRA capital												
Municipal Infrastructure Grant (MIG)										43 097	46 568	49 281
Integrated National Electrification Programme										8 100	8 000	8 000
Infrastructure - Sport Facilities										-	8 000	8 000
										51 197	62 568	63 281

Table 2 Percentage Growth in revenue by main revenue source

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than 6% of the total operating revenue mix. In the 2019/2020 financial year, revenue from rates and services charges totalled R12.3 million or 5 per cent. This increases to R12.4 million, R12.9 million and R13.5 million in the respective financial years of the MTREF.

The second least sources are 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R195.9 million in the 2019/20 financial year and increases to R209.9 million by 2020/21. Note that the year-on-year growth for the 2020/2021 financial year is 6 per cent and then increases by 4.6 per cent in the two outer years, also in outer years it is noticed that there is a minor difference between Dora and the information pulled from financial system this is a result of system round off. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term

Table 5 Operating Transfers and grants receipts

KZN435 Umzimkhulu - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
RECEIPTS:										
Operating Transfers and Grants	1, 2									
National Government:										
Local Government Equitable Share		157 173	164 640	173 256	193 469	193 469	193 469	206 984	218 197	230 200
Finance Management		152 393	150 817	159 032	189 217	189 217	189 217	202 075	215 237	228 300
Integrated National Electrification Programme		1 825	1 900	1 900	1 900	1 900	1 900	1 900	1 900	1 900
EPWP Incentive		1 299	1 923	2 324	2 352	2 352	2 352	3 009	-	-
Municipal Systems Improvement		-	-	-	-	-	-	-	-	-
MIG Admin cost 4% of R41 399 000		1 656	-	-	-	-	-	-	-	-
Provincial Government:										
Sports Facility Grant		1 265	1 325	1 667	1 714	1 714	1 714	2 954	1 910	2 004
Community Library Services Grant		-	-	50	-	-	-	-	-	-
Provincialisation of Libraries		380	583	779	834	834	834	911	975	1 023
Human Settlement - Title Deeds		885	742	838	880	880	880	905	935	981
-		-	-	-	-	-	-	1 138	-	-
District Municipality:										
(Insert description)		-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-
Other grant providers:										
Donation: Private Enterprise		-	-	15	-	-	-	-	-	-
-		-	-	15	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	158 438	166 965	174 938	195 183	195 183	195 183	209 938	220 107	232 204
Capital Transfers and Grants										
National Government:										
Municipal Infrastructure Grant (MIG)		64 743	59 095	57 536	68 373	68 373	68 373	51 197	54 668	55 281
-		39 743	44 095	42 536	55 373	55 373	55 373	43 097	46 668	49 281
-		-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme		25 000	15 000	15 000	13 000	13 000	13 000	8 100	8 000	6 000
Provincial Government:										
Infrastructure - Sport Facilities		2 500	-	8 350	8 243	8 243	8 243	-	8 000	8 000
-		2 500	-	7 850	8 243	8 243	8 243	-	8 000	8 000
Municipal plans management systems grant		-	-	500	-	-	-	-	-	-
District Municipality:										
(Insert description)		-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-
Other grant providers:										
Donation: Private Entity		-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	67 243	59 095	65 886	76 616	76 616	76 616	51 197	62 668	63 281
TOTAL RECEIPTS OF TRANSFERS & GRANTS		225 681	226 060	240 824	271 799	271 799	271 799	261 135	282 775	295 485

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 5 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.3.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, The UMzimkhulu Council has decided to increase the amount of R15 000 to R50 000, which amount is roughly equivalent to the Department of Housing subsidy for low cost housing units. This means that values of all residential properties will be reduced by R50 000 before property rates are calculated for each property.
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- 100 per cent rebate is also granted on the places of worship (churches).
- Any organisation that is registered as a Public Benefit Organisation, in terms of the Income Tax Act, will be granted a 100% rebate.
- For Public Service Infrastructure in the first year, be no more than 30 per cent of the rate for that year otherwise applicable to that property.
- state properties will be entitled to a 10% rebate.
- Rural residential will be granted 21% rebate.
- Current resolution is to grant business & commercial 60% on their current market values until the current General Valuation Roll expires and rural commercial 40% rebates.

- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 25 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2019/20 financial year - from 1 July 2020 is contained below:

Table 1 Comparison of rates to be levied for the 2020/21 financial year

Category	Current Tariff (1 July 2019)	Proposed tariff (from 1 July 2020)
	C	C
Residential properties	0,0088	0.0088
Vacant Residential	0.017	0.017
Commercial	0.0135	0.0135
Vacant Commercial	0.022	0.022
Place of worship	0.0088	0.0088
Industrial	0.0022	0.0022
Vacant Industrial	0.022	0.022
State owned properties	0.0088	0.0088
Communal Land	0.0021	0.0021
Farms Smallholding Agriculture	0.0022	0.0022
Farms Agricultural	0.0022	0.0022
Public Service Infrastructure	0.0021	0.0021
Place of worship	0.0088	0.0088

1.3.2 Waste Removal and Impact of Tariff Increases

Based on the activity plan that the municipality has done it was evident that the municipality is providing its services to the community at a profit, which serves as a surety that the municipality will be able to continuously meet its mandate to provide service delivery to UMzimkhulu Community.

After considering all the factors, the municipality has decided to levy 0% increase in rates. In reaching this decision, the municipality has been mindful of affordability for ratepayers and has kept the

increase below the official consumer price index and has reduced expenditure in order to make a below inflation increase sustainable.

A 0 per cent increase in the waste removal tariff was adopted in the 2020/21 financial year.

The following table compares current (2019/2020) and New Tariffs payable from 1 July 2020:

Category	Current Tariff (1 July 2019)	Effective tariff (from 1 July 2020)
REFUSE		
Domestic once off collection of refuse per week	R63	R 66
Domestic twice collection of refuse per week	R 126	R 132
Business (small & medium)	R 231	R 241
Large Institution/Business	R1 925	R 2 012

1.4 Operating Expenditure Framework

The Municipality's expenditure framework for the 2020/21 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level of the 2020/21 budget MTREF (Classified per main type of operating expenditure).

Table 8 Summary of operating expenditure by standard classification item

UMzimkhulu Municipality

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KZN435 Umzimkhulu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Expenditure By Type											
Employee related costs	2	63 678	80 536	95 966	108 979	103 714	103 714	103 714	108 834	115 637	122 864
Remuneration of councillors		14 758	14 528	14 908	16 570	16 964	16 964	16 964	18 316	19 415	20 580
Debt impairment	3	2 360	3 558	3 800	3 800	4 318	4 318	4 318	2 618	2 738	2 787
Depreciation & asset impairment	2	45 087	46 720	52 321	54 068	53 735	53 735	53 735	56 693	58 301	62 029
Finance charges		376	1 115	-	-	-	-	-	-	-	-
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	-	1 887	4 700	2 820	3 320	3 320	3 320	6 550	6 851	7 157
Contracted services		27 287	31 509	48 589	56 002	54 038	54 038	54 038	72 761	76 108	79 531
Transfers and subsidies		180	411	7 110	12 500	303	303	303	150	157	164
Other expenditure	4, 5	36 188	36 933	48 501	44 557	46 685	46 685	46 685	47 448	50 045	51 851
Losses		-	-	-	-	-	-	-	-	-	-
Total Expenditure		189 913	217 097	275 896	299 297	283 077	283 077	283 077	313 371	330 252	346 962
Surplus/(Deficit)		(6 059)	(20 890)	(70 416)	(78 886)	(57 052)	(57 052)	(57 052)	(75 742)	(81 180)	(84 461)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		40 601	44 307	50 886	63 616	73 206	73 206	73 206	43 097	54 668	57 281
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		34 542	23 417	(19 530)	(15 270)	16 154	16 154	16 154	(32 645)	(26 512)	(27 180)
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		34 542	23 417	(19 530)	(15 270)	16 154	16 154	16 154	(32 645)	(26 512)	(27 180)
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		34 542	23 417	(19 530)	(15 270)	16 154	16 154	16 154	(32 645)	(26 512)	(27 180)
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		34 542	23 417	(19 530)	(15 270)	16 154	16 154	16 154	(32 645)	(26 512)	(27 180)

The budgeted allocation for employee related costs for the 2020/21 financial year totals R108.8 million, which equals 34 per cent of the total operating expenditure. Based on the new MFMA Circular 93 released on the 07 December 2018, The *Salary and Wage Collective Agreement* for the period 01 July 2018 to 30 June 2021 dated 15 August 2018 through the South African Local Government Bargaining Council Circular No. 12 of 2020 should be used when budgeting for employee related costs for the 2021 MTREF. An annual increase of 6.25 and 6.25 per cent has been included in the two outer years of the MTREF. As part of the UMzimkhulu municipality cost reprioritisation and cash management strategy, vacancies have been significantly rationalised downwards.

The cost associated with the remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the UMzimkhulu municipality's budget.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R56.7 million for the 2020/21 financial and equates to 18 per cent of the total operating expenditure.

A contracted service has been identified as a cost saving area for the Municipality. As part of the compilation of the 2020/21 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2020/21 financial year, this group of expenditure totals R72.8 million, clearly demonstrating the application of cost efficiencies. For the two outer years' growth has been limited to 4.6 and 4.6 per cent. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2020/21 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 5.2 per cent for 2020/21 and curbed at 4.6 and 4.6 per cent for the two outer years, indicating that significant cost savings have been already realised.

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2020/21 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 2 Repairs and maintenance per asset class

KZN435 UMzimkhulu - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		7 239	6 711	7 830	12 100	8 492	8 492	12 920	13 514	14 136
Roads Infrastructure		7 239	4 765	7 500	8 000	6 131	6 131	8 000	8 368	8 753
Roads		7 239	4 765	7 500	8 000	6 131	6 131	8 000	8 368	8 753
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	873	-	3 000	2 100	2 100	4 000	4 184	4 376
Drainage Collection		-	873	-	3 000	2 100	2 100	4 000	4 184	4 376
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	261	230	1 000	211	211	900	941	985
Power Plants		-	261	230	1 000	211	211	900	941	985
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission		-	-	-	-	-	-	-	-	-
Conductors		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs		-	-	-	-	-	-	-	-	-
Boreholes		-	-	-	-	-	-	-	-	-

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Reservoirs	-	-	-	-	-	-	-	-	-
Pump Stations	-	-	-	-	-	-	-	-	-
Water Treatment Works	-	-	-	-	-	-	-	-	-
Bulk Mains	-	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-	-	-
Distribution Points	-	-	-	-	-	-	-	-	-
PRV Stations	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Pump Station	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-
Waste Water Treatment Works	-	-	-	-	-	-	-	-	-
Outfall Sewers	-	-	-	-	-	-	-	-	-
Toilet Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	812	100	100	50	50	20	21	22
Landfill Sites	-	812	100	100	50	50	20	21	22
Waste Transfer Stations	-	-	-	-	-	-	-	-	-
Waste Processing Facilities	-	-	-	-	-	-	-	-	-
Waste Drop-off Points	-	-	-	-	-	-	-	-	-
Waste Separation Facilities	-	-	-	-	-	-	-	-	-
Electricity Generation Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Rail Lines	-	-	-	-	-	-	-	-	-
Rail Structures	-	-	-	-	-	-	-	-	-
Rail Furniture	-	-	-	-	-	-	-	-	-
Drainage Collection	-	-	-	-	-	-	-	-	-
Storm water Conveyance	-	-	-	-	-	-	-	-	-
Attenuation	-	-	-	-	-	-	-	-	-
MV Substations	-	-	-	-	-	-	-	-	-
LV Networks	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Sand Pumps	-	-	-	-	-	-	-	-	-
Piers	-	-	-	-	-	-	-	-	-
Revetments	-	-	-	-	-	-	-	-	-
Promenades	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Data Centres	-	-	-	-	-	-	-	-	-
Core Layers	-	-	-	-	-	-	-	-	-
Distribution Layers	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Community Assets	939	1 580	2 141	1 400	2 030	2 030	2 600	2 720	2 845
Community Facilities	939	417	672	800	1 330	1 330	1 630	1 705	1 783
Halls	939	128	564	620	1 120	1 120	490	513	536

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Centres	-	-	-	-	-	-	-	-	-
Crèches	-	-	-	-	-	-	-	-	-
Clinics/Care Centres	-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations	-	-	-	-	-	-	-	-	-
Testing Stations	-	-	-	-	-	-	-	-	-
Museums	-	-	-	-	-	-	-	-	-
Galleries	-	-	-	-	-	-	-	-	-
Theatres	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	1 000	1 046	1 094
Public Open Space	-	-	-	-	-	-	-	-	-
Nature Reserves	-	-	-	-	-	-	-	-	-
Public Ablution Facilities	-	173	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Stalls	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals	-	117	109	180	210	210	140	146	153
Capital Spares	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	1 163	1 469	600	700	700	970	1 015	1 061
Indoor Facilities	-	-	-	-	-	-	-	-	-
Outdoor Facilities	-	1 163	1 469	600	700	700	970	1 015	1 061
Capital Spares	-	-	-	-	-	-	-	-	-
	1	1	1	1	1	1	1	1	1
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments	-	-	-	-	-	-	-	-	-
Historic Buildings	-	-	-	-	-	-	-	-	-
Works of Art	-	-	-	-	-	-	-	-	-
Conservation Areas	-	-	-	-	-	-	-	-	-
Other Heritage	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
Other assets	1 883	786	2 980	2 170	2 261	2 261	810	847	886
Operational Buildings	1 883	786	2 930	2 040	2 131	2 131	810	847	886
Municipal Offices	1 883	786	2 930	2 040	2 131	2 131	810	847	886
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-
Building Plan Offices	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-
Yards	-	-	-	-	-	-	-	-	-
Stores	-	-	-	-	-	-	-	-	-
Laboratories	-	-	-	-	-	-	-	-	-

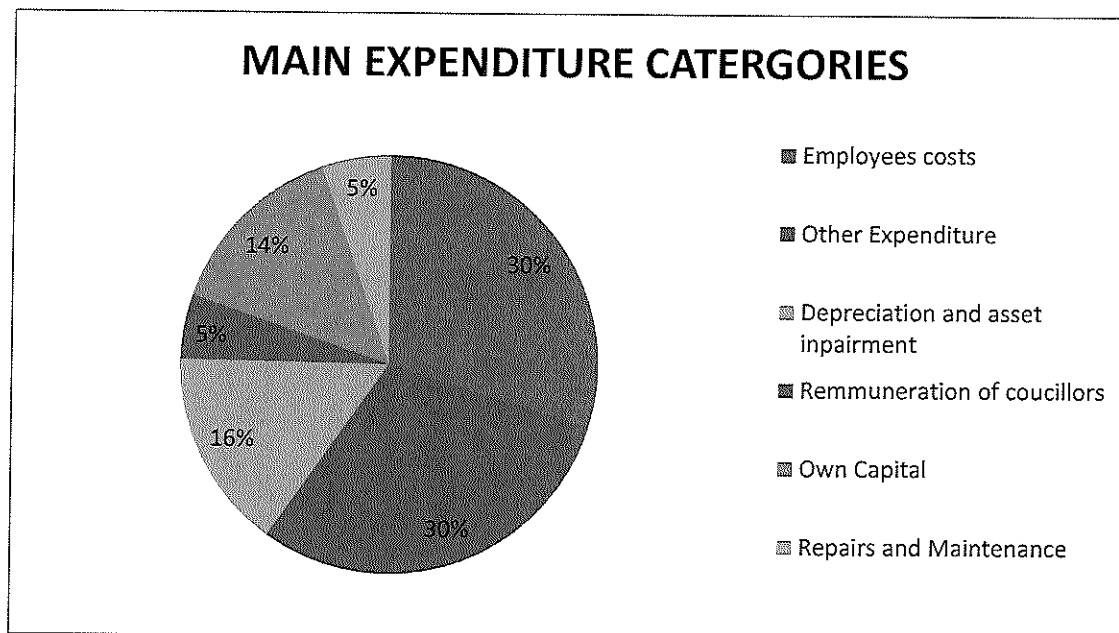
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Training Centres		-	-	-	-	-	-	-	-	-
Manufacturing Plant		-	-	-	-	-	-	-	-	-
Depots		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Housing		-	-	50	130	130	130	-	-	-
Staff Housing		-	-	50	130	130	130	-	-	-
Social Housing		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Water Rights		-	-	-	-	-	-	-	-	-
Effluent Licenses		-	-	-	-	-	-	-	-	-
Solid Waste Licenses		-	-	-	-	-	-	-	-	-
Computer Software and Applications		-	-	-	-	-	-	-	-	-
Load Settlement Software Applications		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	131	300	400	140	140	700	732	766
Furniture and Office Equipment		-	131	300	400	140	140	700	732	766
Machinery and Equipment		-	1 588	1 465	1 020	2 290	2 290	1 930	2 019	2 112
Machinery and Equipment		-	1 588	1 465	1 020	2 290	2 290	1 930	2 019	2 112
Transport Assets		-	606	400	400	800	800	800	837	875
Transport Assets		-	606	400	400	800	800	800	837	875
Land		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	10 061	11 403	15 116	17 490	16 013	16 013	19 760	20 669	21 620
R&M as a % of PPE		2.4%	2.8%	3.5%	3.9%	3.5%	3.5%	4.4%	4.2%	4.6%
R&M as % Operating Expenditure		5.3%	5.3%	5.5%	5.8%	5.7%	5.7%	7.0%	6.6%	6.5%

For the 2020/21 financial year, 65 per cent or R12.9 millions of total repairs and maintenance will be spent on infrastructure assets.

The following table gives a breakdown of the main expenditure categories for the 2020/21 financial year.



1.4.1 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services, the households are required to register in terms of the Municipality's Indigent Policy.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

During the compilation of the 2020/21 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance.

1.5 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 3 2020/21 Medium-term capital budget per vote

UMzimkhulu Municipality

2020/21 Final Budget and MTREF

Vote Description R thousand	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		1 214	2 151	310	280	660	660	660	420	-	-
Vote 2 - Finance & Administration		1 692	151	4 790	11 790	9 950	9 950	9 950	3 740	-	-
Vote 3 - Community & Social Service		955	36	1 120	14 703	14 081	14 081	14 081	7 700	-	-
Vote 4 - Strategic Planning & Housing Development		55	80	2 220	1 100	1 032	1 032	1 032	1 525	-	-
Vote 5 - Infrastructure		41 412	38 914	87 099	80 293	87 620	87 620	87 620	82 207	46 668	49 281
Vote 6 - Other		-	-	-	-	-	-	-	-	-	-
Vote 7 - Null		-	-	-	-	-	-	-	-	-	-
Vote 8 - Null		-	-	-	-	-	-	-	-	-	-
Vote 9 - Null		-	-	-	-	-	-	-	-	-	-
Vote 10 - Null		-	-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		45 328	41 332	95 539	108 166	113 544	113 544	113 544	95 592	46 668	49 281
Total Capital Expenditure - Vote		45 328	41 332	95 539	108 166	113 544	113 544	113 544	95 592	46 668	49 281
Capital Expenditure - Functional											
<i>Governance and administration</i>		2 907	2 916	5 100	12 070	10 610	10 610	10 610	4 160	-	-
Executive and council		1 214	2 017	310	280	660	660	660	420	-	-
Finance and administration		126	889	4 790	11 790	9 950	9 950	9 950	3 740	-	-
Internal audit		1 567	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		955	5 183	8 970	14 703	14 081	14 081	14 081	7 700	-	-
Community and social services		955	5 183	1 120	6 460	5 838	5 838	5 838	700	-	-
Sport and recreation		-	-	7 850	8 243	8 243	8 243	8 243	7 000	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		41 466	34 688	76 364	59 793	77 427	77 427	77 427	70 932	46 668	49 281
Planning and development		55	70	2 220	1 100	1 032	1 032	1 032	1 525	-	-
Road transport		41 412	34 618	74 144	58 693	76 395	76 395	76 395	69 407	46 668	49 281
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	2 231	5 106	21 600	11 425	11 425	11 425	12 800	-	-
Energy sources		-	-	500	6 250	2 890	2 890	2 890	7 000	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	2 231	4 606	15 350	8 536	8 536	8 536	5 800	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	45 328	45 019	95 539	108 166	113 544	113 544	113 544	95 592	46 668	49 281
Funded by:											
National Government		39 686	48 411	42 536	55 373	64 811	64 811	64 811	43 097	46 668	49 281
Provincial Government		-	5 082	8 350	8 243	8 395	8 395	8 395	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial)		-	-	-	-	-	-	-	-	-	-
Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	39 686	53 494	50 886	63 616	73 206	73 206	73 206	43 097	46 668	49 281
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		5 643	-	44 653	44 550	40 338	40 338	40 338	52 495	-	-
Total Capital Funding	7	45 328	53 494	95 539	108 166	113 544	113 544	113 544	95 592	46 668	49 281

For 2020/21 an amount of R82.2 million has been appropriated for the development of infrastructure which represents 85 per cent of the total capital budget. In the outer years this amount totals R45.7 million, 84 per cent and R49 million, 85 per cent for each of the financial years. Machinery and Equipment receives an allocation of R7.3 million in 2020/21 which equates to 7 per cent. Community assets receives the highest allocation of R22.8 million in 2020/21 which equates to 23 per cent and other fixed assets all together are followed by 18%.

Total new assets represent 86 per cent or R82.9 million of the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 12 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c, e provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to Schedules).

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF

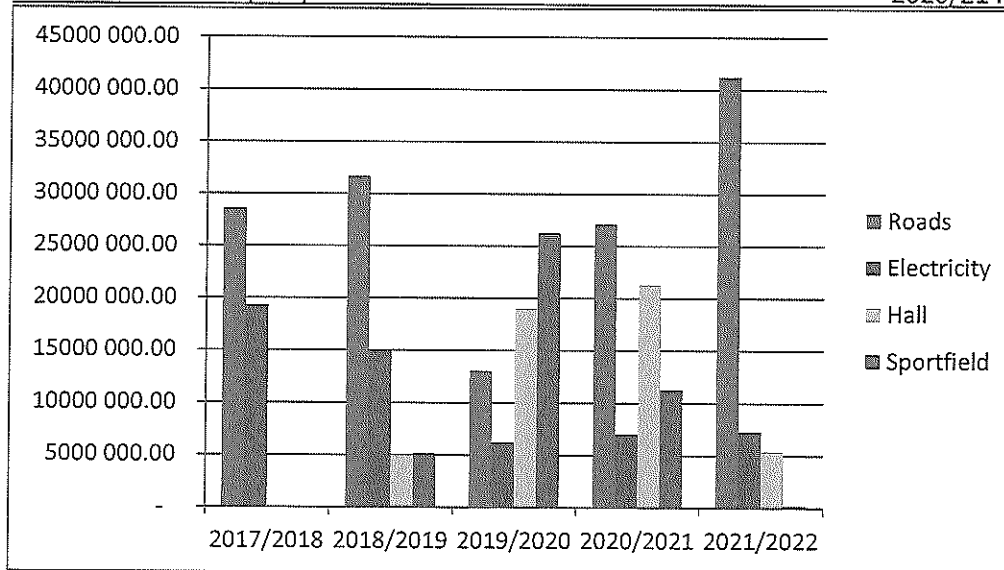


Figure 1 Capital Infrastructure Programme

1.5.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 43 MBRR SA35. This table shows that future operational costs associated with the capital programme totals R95.6 million in 2020/21 and decrease to R54.7 million by 2021/22. This concomitant operational expenditure is expected to escalate to R30 million by 2020/21. It needs to be noted that as part of the 2020/21 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.6 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2020/21 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 4 MBRR Table A1 - Budget Summary

UMzimkhulu Municipality

2020/21 Final Budget and MTREF

KZN435 Umzimkhulu - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands										
Financial Performance										
Property rates	6 989	8 767	7 722	9 978	9 633	9 633	9 633	9 237	9 662	10 106
Service charges	1 803	2 711	2 854	3 209	2 719	2 719	2 719	2 753	2 880	3 012
Investment revenue	10 802	13 234	14 944	8 056	13 117	13 117	13 117	11 055	11 563	12 095
Transfers recognised - operational	158 438	167 042	174 938	195 183	195 879	195 879	195 879	209 938	220 107	232 204
Other own revenue	5 823	4 453	5 022	3 985	4 676	4 676	4 676	4 646	4 860	5 083
Total Revenue (excluding capital transfers and contributions)	183 854	196 207	205 480	220 411	226 025	226 025	226 025	237 629	249 072	262 501
Employee costs	63 678	80 536	95 985	108 979	103 714	103 714	103 714	108 834	115 637	122 864
Remuneration of councillors	14 758	14 528	14 908	16 570	16 964	16 964	16 964	18 316	19 415	20 580
Depreciation & asset impairment	45 087	46 720	52 321	54 068	53 735	53 735	53 735	56 893	59 301	62 029
Finance charges	378	1 115	-	-	-	-	-	-	-	-
Materials and bulk purchases	-	1 887	4 700	2 820	3 320	3 320	3 320	6 550	6 851	7 157
Transfers and grants	180	411	7 110	12 500	303	303	303	150	157	164
Other expenditure	65 836	71 900	100 880	104 359	105 041	105 041	105 041	122 827	128 891	134 169
Total Expenditure	189 913	217 097	275 896	299 297	283 077	283 077	283 077	313 371	330 252	346 962
Surplus/(Deficit)	(6 059)	(20 890)	(70 416)	(78 886)	(57 052)	(57 052)	(57 052)	(75 742)	(81 180)	(84 461)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	40 601	44 307	50 886	63 616	73 206	73 206	73 206	43 097	54 668	57 281
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	34 542	23 417	(19 530)	(15 270)	16 154	16 154	16 154	(32 645)	(26 512)	(27 180)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	34 542	23 417	(19 530)	(15 270)	16 154	16 154	16 154	(32 645)	(26 512)	(27 180)
Capital expenditure & funds sources										
Capital expenditure	45 328	45 019	95 539	106 166	113 544	113 544	113 544	95 592	46 668	49 281
Transfers recognised - capital	39 686	53 484	50 886	63 616	73 206	73 206	73 206	43 097	46 668	49 281
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	5 643	-	44 653	44 550	40 338	40 338	40 338	52 495	-	-
Total sources of capital funds	45 328	53 494	95 539	106 166	113 544	113 544	113 544	95 592	46 668	49 281
Financial position										
Total current assets	179 234	211 696	191 336	99 899	138 680	138 680	138 680	127 250	133 104	139 227
Total non current assets	449 987	445 785	467 240	482 765	488 163	488 163	488 163	524 274	501 253	523 305
Total current liabilities	56 051	57 637	38 839	11 613	11 613	11 613	11 613	11 613	12 147	12 706
Total non current liabilities	4 120	5 228	6 340	3 716	3 716	3 716	3 716	3 883	4 062	4 249
Community wealth/Equity	568 281	594 616	613 397	575 123	611 494	611 494	611 494	635 632	617 733	645 154
Cash flows										
Net cash from (used) operating	104 734	73 022	48 672	25 431	59 936	59 936	59 936	22 776	31 478	33 368
Net cash from (used) investing	(45 328)	(42 136)	(95 539)	(122 016)	(113 541)	(113 541)	(113 541)	(95 592)	(54 325)	(57 290)
Net cash from (used) financing	4 347	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	175 498	206 384	159 517	77 467	129 230	129 230	129 230	117 118	94 271	70 350
Cash backing/surplus reconciliation										
Cash and investments available	175 498	206 384	182 834	90 467	129 230	129 230	129 230	117 395	122 796	126 444
Application of cash and investments	51 509	52 550	32 256	4 555	4 499	4 499	4 499	4 188	4 381	4 582
Balance - surplus (shortfall)	123 989	153 834	150 578	85 912	124 731	124 731	124 731	113 207	118 414	123 862
Asset management										
Asset register summary (WDV)	448 541	403 035	474 629	412 196	417 574	417 574	417 574	503 128	511 724	533 791
Depreciation	-	-	52 321	54 068	53 735	53 735	53 735	56 893	59 301	62 029
Renewal and Upgrading of Existing Assets	-	254	1 467	800	800	800	800	12 665	-	-
Repairs and Maintenance	10 061	11 403	15 116	17 490	16 013	16 013	16 013	19 760	20 689	21 620
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	3 284	-	-	-	2 670	2 670	2 793	2 921
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	2	2	2	2	2	2	2

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently, Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2020/21, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 5 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN435 Umzimkhulu - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		97 994	107 654	121 363	105 648	110 752	110 752	110 076	117 171	123 356
Executive and council		31 327	35 844	36 592	24 598	24 600	24 600	26 270	28 119	29 679
Finance and administration		66 667	71 810	84 770	81 050	86 153	86 153	83 806	89 052	93 677
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		25 455	20 552	25 173	17 453	17 466	17 466	22 570	24 111	25 432
Community and social services		25 455	20 552	25 173	17 453	17 466	17 466	22 570	24 111	25 432
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		100 092	109 169	106 929	157 669	167 917	167 917	144 976	159 212	167 599
Planning and development		13 993	16 814	19 900	26 708	27 518	27 518	29 590	30 451	32 139
Road transport		86 099	92 346	87 028	130 961	140 399	140 399	115 386	128 761	135 460
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		914	2 711	2 854	3 209	2 727	2 727	2 753	2 880	3 012
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		914	2 711	2 854	3 209	2 727	2 727	2 753	2 880	3 012
<i>Other</i>	4	-	436	48	48	369	369	350	366	383
Total Revenue - Functional	2	224 455	240 514	256 366	284 027	299 231	299 231	280 726	303 740	319 782
Expenditure - Functional										
<i>Governance and administration</i>		83 200	93 339	111 311	114 811	117 552	117 552	121 742	128 647	134 850
Executive and council		47 066	35 238	42 792	41 798	42 503	42 503	43 776	46 173	48 702
Finance and administration		36 134	58 100	68 519	73 013	75 049	75 049	77 966	82 475	86 148
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		27 649	33 821	43 546	49 548	45 336	45 336	50 757	53 612	56 631
Community and social services		27 649	32 658	42 077	48 828	44 636	44 636	49 787	52 597	55 589
Sport and recreation		-	1 163	1 469	600	700	700	970	1 015	1 061
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	120	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		79 204	82 619	112 066	125 223	108 265	108 265	129 803	136 330	143 192
Planning and development		12 618	15 082	33 458	39 519	26 774	26 774	43 623	45 804	48 097
Road transport		66 585	67 537	78 608	85 705	81 491	81 491	86 181	90 526	95 095
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	7 146	8 973	9 714	11 924	11 924	11 068	11 662	12 289
Energy sources		-	1 529	1 830	2 700	2 100	2 100	1 900	1 967	2 079
Water management		-	156	400	300	140	140	200	209	219
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	5 460	6 743	6 714	9 684	9 684	8 966	9 466	9 991
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	190 053	216 925	275 896	299 297	283 077	283 077	313 371	330 252	346 962
Surplus/(Deficit) for the year		34 402	23 589	(19 530)	(15 270)	16 154	16 154	(32 645)	(26 512)	(27 180)

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 7 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 6 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN435 Umzimkhulu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description		Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote		1									
Vote 1 - Executive & Council			31 327	35 844	36 592	24 598	24 600	24 600	26 270	28 119	29 679
Vote 2 - Finance & Administration			66 667	71 652	84 770	81 050	86 153	86 153	83 806	89 052	93 677
Vote 3 - Community & Social Service			25 455	22 106	25 173	17 453	17 466	17 466	22 570	24 111	25 432
Vote 4 - Strategic Planning & Housing Development			13 993	16 819	19 900	26 708	27 518	27 518	29 590	30 451	32 139
Vote 5 - Infrastructure			87 013	93 651	89 882	134 170	143 126	143 126	118 139	131 641	138 472
Vote 6 - Other			--	--	48	48	369	369	350	366	383
Vote 7 - Null			--	--	--	--	--	--	--	--	--
Vote 8 - Null			--	--	--	--	--	--	--	--	--
Vote 9 - Null			--	--	--	--	--	--	--	--	--
Vote 10 - Null			--	--	--	--	--	--	--	--	--
Vote 11 - Null			--	--	--	--	--	--	--	--	--
Vote 12 - Null			--	--	--	--	--	--	--	--	--
Vote 13 - Null			--	--	--	--	--	--	--	--	--
Vote 14 - Null			--	--	--	--	--	--	--	--	--
Vote 15 - Null			--	--	--	--	--	--	--	--	--
Total Revenue by Vote		2	224 455	240 271	256 366	284 027	299 231	299 231	280 726	303 740	319 782
Expenditure by Vote to be appropriated		1									
Vote 1 - Executive & Council			47 066	34 480	42 792	41 798	42 503	42 503	43 776	46 173	48 702
Vote 2 - Finance & Administration			36 134	61 413	68 519	73 013	75 049	75 049	77 966	82 475	86 148
Vote 3 - Community & Social Service			27 649	32 627	42 077	49 428	45 336	45 336	50 757	53 612	56 631
Vote 4 - Strategic Planning & Housing Development			12 618	13 814	33 458	39 639	26 774	26 774	43 623	45 804	48 097
Vote 5 - Infrastructure			66 585	74 763	89 050	95 419	93 415	93 415	97 249	102 188	107 384
Vote 6 - Other			--	--	--	--	--	--	--	--	--
Vote 7 - Null			--	--	--	--	--	--	--	--	--
Vote 8 - Null			--	--	--	--	--	--	--	--	--
Vote 9 - Null			--	--	--	--	--	--	--	--	--
Vote 10 - Null			--	--	--	--	--	--	--	--	--
Vote 11 - Null			--	--	--	--	--	--	--	--	--
Vote 12 - Null			--	--	--	--	--	--	--	--	--
Vote 13 - Null			--	--	--	--	--	--	--	--	--
Vote 14 - Null			--	--	--	--	--	--	--	--	--
Vote 15 - Null			--	--	--	--	--	--	--	--	--
Total Expenditure by Vote		2	190 053	217 097	275 896	299 297	283 077	283 077	313 371	330 252	346 962
Surplus/(Deficit) for the year		2	34 402	23 174	(19 530)	(15 270)	16 154	16 154	(32 645)	(26 512)	(27 180)

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit

Table 7 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN435 Umzimkhulu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description		Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source												
Property rates	2		6 989	8 767	7 722	9 978	9 633	9 633	9 633	9 237	9 662	10 106
Service charges - electricity revenue	2		—	—	—	—	—	—	—	—	—	—
Service charges - water revenue	2		—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	2		—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	2		1 803	2 711	2 854	3 209	2 719	2 719	2 719	2 753	2 880	3 012
Rental of facilities and equipment			1 184	552	544	559	559	559	559	579	606	633
Interest earned - external investments			10 802	13 234	14 944	8 056	13 117	13 117	13 117	11 055	11 563	12 095
Interest earned - outstanding debtors			243	280	348	364	476	476	476	505	528	553
Dividends received			—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits			689	695	408	408	721	721	721	653	683	714
Licences and permits			674	1 197	50	50	50	50	50	50	52	55
Agency services			499	—	1 200	1 200	1 200	1 200	1 200	1 200	1 255	1 313
Transfers and subsidies			158 438	167 042	174 936	195 183	195 879	195 879	195 879	209 938	220 107	232 204
Other revenue	2		2 534	1 730	2 472	1 404	1 667	1 667	1 667	1 659	1 736	1 816
Gains			—	—	—	—	3	3	3	—	—	—
Total Revenue (excluding capital transfers and contributions)			183 854	196 207	205 480	220 411	226 025	226 025	226 025	237 629	249 072	262 501
Expenditure By Type												
Employee related costs	2		63 678	80 536	95 966	108 979	103 714	103 714	103 714	108 834	115 637	122 864
Remuneration of councillors			14 758	14 528	14 908	16 570	16 964	16 964	16 964	18 316	19 415	20 580
Debt impairment	3		2 360	3 558	3 800	3 800	4 318	4 318	4 318	2 618	2 738	2 787
Depreciation & asset impairment	2		45 087	46 720	52 321	54 088	53 735	53 735	53 735	56 693	59 301	62 029
Finance charges			375	1 115	—	—	—	—	—	—	—	—
Bulk purchases	2		—	—	—	—	—	—	—	—	—	—
Other materials	6		—	1 887	4 700	2 820	3 320	3 320	3 320	6 550	6 851	7 157
Contracted services			27 287	31 509	48 589	56 002	54 038	54 038	54 038	72 761	76 108	79 531
Transfers and subsidies			180	411	7 110	12 500	303	303	303	150	157	164
Other expenditure	4, 5		38 188	36 833	48 501	44 557	46 685	46 685	46 685	47 448	50 045	51 851
Losses			—	—	—	—	—	—	—	—	—	—
Total Expenditure			189 913	217 097	275 896	299 297	283 077	283 077	283 077	313 371	330 252	346 962
Surplus/(Deficit)			(6 059)	(20 890)	(70 416)	(78 886)	(57 052)	(57 052)	(57 052)	(75 742)	(81 180)	(84 461)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			40 601	44 307	50 886	63 616	73 206	73 206	73 206	43 097	54 668	57 281
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)			—	—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (in-kind - all)			—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions			34 542	23 417	(19 530)	(15 270)	16 154	16 154	16 154	(32 645)	(26 512)	(27 180)
Taxation			—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation			34 542	23 417	(19 530)	(15 270)	16 154	16 154	16 154	(32 645)	(26 512)	(27 180)
Attributable to minorities			—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality			34 542	23 417	(19 530)	(15 270)	16 154	16 154	16 154	(32 645)	(26 512)	(27 180)
Share of surplus/ (deficit) of associate			—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year			34 542	23 417	(19 530)	(15 270)	16 154	16 154	16 154	(32 645)	(26 512)	(27 180)

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

- Total revenue is R281 million in 2020/21 and Increases to R304 million by 2020/21. This represents is determined by the operational grants in the Dora allocations that will be received by the municipality in 2020/21 and 2021/22.
- Revenue to be generated from property rates is R9.6 million in the 2020/21 financial year and increases to R10 million by 2020/21 which represents 4 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff 4.6 per cent and 4.6 per cent for the two financial years of the MTREF.

3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government have grown rapidly over the MTREF by 7 per cent and for the outer years and decrease by 5 per cent for the two outer years.

Table 8 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		1 214	2 151	310	280	660	660	660	420	-	-
Vote 2 - Finance & Administration		1 692	151	4 790	11 790	9 950	9 950	9 950	3 740	-	-
Vote 3 - Community & Social Services		955	36	1 120	14 703	14 081	14 081	14 081	7 700	-	-
Vote 4 - Strategic Planning & Housing Development		55	80	2 220	1 100	1 032	1 032	1 032	1 525	-	-
Vote 5 - Infrastructure		41 412	38 914	87 099	80 293	87 820	87 820	87 820	82 207	46 668	49 281
Vote 6 - Other		-	-	-	-	-	-	-	-	-	-
Vote 7 - Null		-	-	-	-	-	-	-	-	-	-
Vote 8 - Null		-	-	-	-	-	-	-	-	-	-
Vote 9 - Null		-	-	-	-	-	-	-	-	-	-
Vote 10 - Null		-	-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		45 328	41 332	95 539	108 166	113 544	113 544	113 544	95 592	46 668	49 281
Total Capital Expenditure - Vote		45 328	41 332	95 539	108 166	113 544	113 544	113 544	95 592	46 668	49 281
Capital Expenditure - Functional											
Governance and administration		2 907	2 915	5 100	12 070	10 610	10 610	10 610	4 160	-	-
Executive and council		1 214	2 017	310	280	660	660	660	420	-	-
Finance and administration		126	899	4 790	11 790	9 950	9 950	9 950	3 740	-	-
Internal audit		1 567	-	-	-	-	-	-	-	-	-
Community and public safety		955	5 183	8 970	14 703	14 081	14 081	14 081	7 700	-	-
Community and social services		955	5 183	1 120	6 460	5 838	5 838	5 838	700	-	-
Sport and recreation		-	-	7 850	8 243	8 243	8 243	8 243	7 000	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		41 466	34 688	76 364	59 793	77 427	77 427	77 427	70 932	46 668	49 281
Economic and environmental services		55	70	2 220	1 100	1 032	1 032	1 032	1 525	-	-
Planning and development		55	70	2 220	1 100	1 032	1 032	1 032	1 525	-	-
Road transport		41 412	34 618	74 144	58 693	76 395	76 395	76 395	69 407	46 668	49 281
Environmental protection		-	2 231	5 106	21 600	11 425	11 425	11 425	12 800	-	-
Trading services		-	-	500	6 250	2 890	2 890	2 890	7 000	-	-
Energy services		-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	2 231	4 606	15 350	8 536	8 536	8 536	5 800	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	45 328	45 019	95 539	108 166	113 544	113 544	113 544	95 592	46 668	49 281
Funded by:											
National Government		39 686	48 411	42 536	55 373	64 811	64 811	64 811	43 087	46 668	49 281
Provincial Government		-	5 082	8 350	8 243	8 395	8 395	8 395	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	39 686	53 494	50 886	63 616	73 206	73 206	73 206	43 097	46 668	49 281
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds	7	5 643	-	44 653	44 550	40 338	40 338	40 338	52 495	-	-
Total Capital Funding	7	45 328	53 494	95 539	108 166	113 544	113 544	113 544	95 592	46 668	49 281

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R95.6 million for the 2020/21 financial year and remains relatively constant over the MTREF at levels of R54.7 million and R57 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment.
5. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
6. The capital programme is funded from capital and provincial grants and internally generated funds from current year surpluses. For 2020/21 capital transfers totals R43 million and escalates to R54.7 and R57 million by 2021/22 and 2022/23.

Table 9 MBRR Table A6 - Budgeted Financial Position

KZN435 Umzimkhulu - Table A6 Budgeted Financial Position

Description		Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
ASSETS												
Current assets												
Cash			668	159	—	579	579	579	579	4 094	4 282	4 479
Call investment deposits	1		174 830	206 225	182 834	89 888	128 651	128 651	128 651	113 301	118 513	123 965
Consumer debtors	1		2 639	5 312	5 010	7 443	7 443	7 443	7 443	7 778	8 136	8 510
Other debtors			1 097	—	3 491	1 988	1 988	1 988	1 988	2 077	2 173	2 273
Current portion of long-term receivables			—	—	—	—	—	—	—	—	—	—
Inventory	2		—	—	—	—	—	—	—	—	—	—
Total current assets			179 234	211 696	191 336	99 898	138 660	138 660	138 660	127 250	133 104	139 227
Non current assets												
Long-term receivables			—	—	—	—	—	—	—	—	—	—
Investments			—	—	—	—	—	—	—	—	—	—
Investment property			31 225	31 195	31 139	31 134	31 134	31 134	31 134	31 103	31 072	31 042
Investment in Associate			—	—	—	—	—	—	—	—	—	—
Property, plant and equipment	3		417 601	413 230	435 002	448 639	454 017	454 017	454 017	489 371	466 218	488 130
Biological			—	—	—	—	—	—	—	—	—	—
Intangible			906	1 105	844	2 757	2 757	2 757	2 757	3 545	3 708	3 879
Other non-current assets			255	255	255	255	255	255	255	255	255	255
Total non current assets			449 987	445 785	467 240	482 785	488 163	488 163	488 163	524 274	501 253	523 305
TOTAL ASSETS			629 221	657 481	658 576	582 683	626 823	626 823	626 823	651 524	634 357	662 532
LIABILITIES												
Current liabilities												
Bank overdraft	1		—	—	—	—	—	—	—	—	—	—
Borrowing	4		—	—	—	—	—	—	—	—	—	—
Consumer deposits			—	—	—	—	—	—	—	—	—	—
Trade and other payables	4		56 051	57 637	38 839	11 613	11 613	11 613	11 613	11 613	12 147	12 706
Provisions			—	—	—	—	—	—	—	—	—	—
Total current liabilities			56 051	57 637	38 839	11 613	11 613	11 613	11 613	11 613	12 147	12 706
Non current liabilities												
Borrowing			—	—	—	—	—	—	—	—	—	—
Provisions			4 120	5 228	6 340	3 716	3 716	3 716	3 716	3 883	4 062	4 249
Total non current liabilities			4 120	5 228	6 340	3 716	3 716	3 716	3 716	3 883	4 062	4 249
TOTAL LIABILITIES			60 171	62 866	45 179	15 329	15 329	15 329	15 329	15 496	16 209	16 955
NET ASSETS	5		569 049	594 616	613 397	567 354	611 494	611 494	611 494	636 028	618 148	645 577
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)			549 065	573 486	588 811	552 100	588 471	588 471	588 471	611 573	592 567	618 831
Reserves	4		19 216	21 119	23 586	23 023	23 023	23 023	23 023	24 059	25 166	26 323
TOTAL COMMUNITY WEALTH/EQUITY	5		568 281	594 616	613 397	575 123	611 494	611 494	611 494	635 632	617 733	645 154

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets Less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 48 is supported by an extensive table of notes (SA3 which can be found on page 100) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;

- Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end.
- Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 10 MBRR Table A7 – Budgeted Cash Flow Statement

KZN435 Umzimkhulu - Table A7 Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		17 767	8 767	5 405	6 984	6 743	6 743	6 743	6 466	6 763	7 074
Service charges			2 711	1 998	2 246	1 904	1 904	1 904	1 927	2 016	2 109
Other revenue			3 779	4 874	3 621	4 197	4 197	4 197	4 141	4 331	4 531
Transfers and Subsidies - Operational	1	156 782	166 550	174 938	195 183	195 183	195 183	195 183	209 938	220 107	232 193
Transfers and Subsidies - Capital	1	59 399	44 508	65 886	63 616	63 616	63 616	63 616	51 197	62 688	63 281
Interest		10 802	13 234	15 090	8 209	13 317	13 317	13 317	11 287	11 785	12 328
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(139 641)	(165 419)	(212 209)	(241 929)	(224 721)	(224 721)	(224 721)	(262 010)	(276 056)	(287 983)
Finance charges		(378)	(1 107)	-	-	-	-	-	-	-	-
Transfers and Grants	1	-	-	(7 110)	(12 500)	(303)	(303)	(303)	(150)	(157)	(164)
NET CASH FROM/(USED) OPERATING ACTIVITIES		164 734	73 022	48 672	25 431	59 938	59 936	59 936	22 776	31 478	33 368
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	3	3	3	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(45 328)	(42 136)	(95 539)	(122 016)	(113 544)	(113 544)	(113 544)	(95 592)	(54 325)	(57 290)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(45 328)	(42 136)	(95 539)	(122 016)	(113 541)	(113 541)	(113 541)	(95 592)	(54 325)	(57 290)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		4 347	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		4 347	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	53 753	30 886	(46 867)	(95 585)	(53 605)	(53 605)	(53 605)	(72 816)	(22 846)	(23 922)
Cash/cash equivalents at the year end:	2	111 745	175 498	206 384	174 052	182 834	182 834	182 834	189 934	117 118	94 271
Cash/cash equivalents at the year end:	2	175 498	206 384	159 517	77 467	129 230	129 230	129 230	117 118	94 271	70 350

Explanation notes to Table A7- Budgeted Cash Flow Statement

1. The Budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Table 11 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN435 Umzimkhulu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and Investments available											
Cash/cash equivalents at the year end	1	175 498	206 384	159 517	77 467	129 230	129 230	129 230	117 118	84 271	70 350
Other current investments > 90 days		—	—	23 317	13 000	0	0	0	278	28 524	68 095
Non current assets - investments	1	—	—	—	—	—	—	—	—	—	—
Cash and Investments available:		175 498	206 384	182 834	90 467	129 230	129 230	129 230	117 395	122 795	128 444
Application of cash and investments											
Unspent conditional transfers		—	19 250	18 230	—	—	—	—	—	—	—
Unspent borrowing		—	—	—	—	—	—	—	—	—	—
Statutory requirements	2	—	—	—	—	—	—	—	—	—	—
Other working capital requirements	3	51 509	33 300	14 027	4 555	4 499	4 499	4 499	4 188	4 381	4 582
Other provisions		—	—	—	—	—	—	—	—	—	—
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	—	—	—	—	—	—	—	—	—	—
Total Application of cash and investments:		51 509	52 550	32 256	4 555	4 499	4 499	4 499	4 188	4 381	4 582
Surplus(shortfall)		123 989	153 834	150 578	85 912	124 731	124 731	124 731	113 207	118 414	123 862

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

Table 12 MBRR Table A9 - Asset Management

KZN435 UMzimkhulu - Table A9 Asset Management

UMzimkhulu Municipality

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Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	45 328	44 828	91 823	104 096	106 744	106 744	82 927	54 325	57 290
Roads Infrastructure		32 032	11 674	35 446	13 072	23 984	23 984	27 100	41 268	43 281
Storm water Infrastructure		-	-	875	3 200	4 400	4 400	2 900	-	-
Electrical Infrastructure		-	-	500	6 250	2 890	2 890	7 000	7 322	7 659
Water Supply Infrastructure		-	-	-	1 200	-	-	-	-	-
Sanitation Infrastructure		-	-	-	200	600	600	-	-	-
Solid Waste Infrastructure		-	2 231	909	5 000	5 000	5 000	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		32 032	13 906	37 730	28 922	36 874	36 874	37 000	48 590	50 940
Community Facilities		6 943	27 830	19 049	19 011	16 615	16 615	11 497	5 400	6 000
Sport and Recreation Facilities		-	-	14 912	26 283	31 029	31 029	11 300	209	219
Community Assets		6 943	27 830	33 960	45 294	47 644	47 644	22 797	5 609	6 219
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		5 337	1 000	523	800	400	400	10 500	-	-
Housing		-	239	-	-	-	-	-	-	-
Other Assets		5 337	1 238	523	800	400	400	10 500	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		1 017	483	500	2 250	2 152	2 152	2 880	-	-
Intangible Assets		1 017	483	500	2 250	2 152	2 152	2 880	-	-
Computer Equipment		-	357	2 205	2 360	2 490	2 490	1 500	73	77
Furniture and Office Equipment		-	118	1 220	550	630	630	900	52	55
Machinery and Equipment		-	(1)	13 185	17 050	10 834	10 834	7 350	-	-
Transport Assets		-	897	2 500	6 870	5 720	5 720	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	254	1 467	800	800	800	2 665	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	997	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	997	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-

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Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	2 000	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	2 000	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	254	470	800	800	800	665	-	-
Intangible Assets	-	254	470	800	800	800	665	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	6	-	-	-	-	-	10 000	-	-
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	10 000	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	10 000	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	45 328	45 082	93 289	104 896	107 544	107 544	95 592	54 325
Roads Infrastructure	-	32 032	11 674	35 446	13 072	23 984	23 984	27 100	41 268
Storm water Infrastructure	-	-	-	875	3 200	4 400	4 400	2 900	-
Electrical Infrastructure	-	-	-	500	6 250	2 890	2 890	7 000	7 322
Water Supply Infrastructure	-	-	-	-	1 200	-	-	-	-
Sanitation Infrastructure	-	-	-	-	200	600	600	-	-
Solid Waste Infrastructure	-	-	2 231	1 906	5 000	5 000	5 000	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-

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Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		32 032	13 906	38 726	28 922	36 874	36 874	37 000	48 590	50 940
Community Facilities		6 943	27 830	19 049	19 011	16 615	16 615	21 497	5 400	6 000
Sport and Recreation Facilities		-	-	14 912	26 283	31 029	31 029	11 300	209	219
Community Assets		6 943	27 830	33 960	45 294	47 644	47 644	32 797	5 609	6 219
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		5 337	1 000	523	800	400	400	12 500	-	-
Housing		-	239	-	-	-	-	-	-	-
Other Assets		5 337	1 238	523	800	400	400	12 500	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		1 017	737	970	3 050	2 952	2 952	3 545	-	-
Intangible Assets		1 017	737	970	3 050	2 952	2 952	3 545	-	-
Computer Equipment		-	357	2 205	2 360	2 490	2 490	1 500	73	77
Furniture and Office Equipment		-	118	1 220	550	630	630	900	52	55
Machinery and Equipment		-	(1)	13 185	17 050	10 834	10 834	7 350	-	-
Transport Assets		-	897	2 500	6 870	5 720	5 720	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		45 328	45 082	93 289	104 896	107 544	107 544	95 592	54 325	57 290
ASSET REGISTER SUMMARY - PPE (WDV)	5	448 541	403 035	474 629	412 196	417 574	417 574	503 128	511 724	533 791
Roads Infrastructure		217 574	197 255	205 560	100 005	103 525	103 525	130 625	136 634	142 919
Storm water Infrastructure				29 432	38 846	38 846	38 846	41 746	43 666	45 675
Electrical Infrastructure						-	-	-	-	-
Water Supply Infrastructure				1 086	1 189	1 189	1 189	1 189	1 244	1 301
Sanitation Infrastructure					200	200	200	200	209	219
Solid Waste Infrastructure				4 500	5 454	5 454	5 454	5 454	5 705	5 967
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		217 574	197 255	240 578	145 694	149 214	149 214	179 214	187 458	196 081
Community Assets		127 986	105 869	128 120	140 946	143 297	143 297	176 094	184 194	192 667
Heritage Assets		255	255	255	255	255	255	255	255	255
				31 164						
				255						
Investment properties		31 225	31 195	31 164	31 134	31 134	31 134	43 603	31 072	31 042
Other Assets		70 595	33 817	29 295	32 199	31 799	31 799	31 799	33 262	34 792
Biological or Cultivated Assets						-	-	-		
Intangible Assets		906	1 105	743	2 757	3 007	3 007	3 545	3 708	3 879
Computer Equipment			3 138	1 553	1 303	1 841	1 841	3 341	3 494	3 655
Furniture and Office Equipment			(1 839)	719	879	1 148	1 148	2 048	2 142	2 241
Machinery and Equipment			1 594	8 572	26 888	26 888	26 888	34 238	35 813	37 460
Transport Assets			20 543	23 526	20 038	18 888	18 888	18 888	19 756	20 665
Land			10 104	10 104	10 104	10 104	10 104	10 104	10 569	11 055
Zoo's, Marine and Non-biological Animals										

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TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	448 541	403 035	474 629	412 196	417 574	417 574	503 128	511 724	533 791
EXPENDITURE OTHER ITEMS		10 061	11 403	67 438	71 558	69 748	69 748	76 453	79 970	83 648
Depreciation	7	-	-	52 321	54 068	53 735	53 735	56 693	59 301	62 029
Repairs and Maintenance by Asset Class	3	10 061	11 403	15 116	17 490	16 013	16 013	19 760	20 669	21 620
Roads Infrastructure		7 239	4 765	7 500	8 000	6 131	6 131	8 000	8 368	8 753
Storm water Infrastructure		-	873	-	3 000	2 100	2 100	4 000	4 184	4 376
Electrical Infrastructure		-	261	230	1 000	211	211	900	941	985
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	812	100	100	50	50	20	21	22
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		7 239	6 711	7 830	12 100	8 492	8 492	12 920	13 514	14 136
Community Facilities		939	417	672	800	1 330	1 330	1 630	1 705	1 783
Sport and Recreation Facilities		-	1 163	1 469	600	700	700	970	1 015	1 061
Community Assets		939	1 580	2 141	1 400	2 030	2 030	2 600	2 720	2 845
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		1 883	786	2 930	2 040	2 131	2 131	810	847	886
Housing		-	-	50	130	130	130	-	-	-
Other Assets		1 883	786	2 980	2 170	2 261	2 261	810	847	886
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	131	300	400	140	140	700	732	766
Furniture and Office Equipment		-	1 588	1 465	1 020	2 290	2 290	1 930	2 019	2 112
Machinery and Equipment		-	606	400	400	800	800	800	837	875
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		10 061	11 403	67 438	71 558	69 748	69 748	76 453	79 970	83 648
Renewal and upgrading of Existing Assets as % of total capex		0.0%	0.6%	1.6%	0.8%	0.7%	0.7%	13.2%	0.0%	0.0%
Renewal and upgrading of Existing Assets as % of deprecn		0.0%	0.0%	2.8%	1.5%	1.5%	1.5%	22.3%	0.0%	0.0%
R&M as a % of PPE		2.4%	2.8%	3.5%	3.9%	3.5%	3.5%	4.0%	4.4%	4.4%
Renewal and upgrading and R&M as a % of PPE		2.0%	3.0%	3.0%	4.0%	4.0%	4.0%	6.0%	4.0%	4.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet these recommendations due to assets municipality owned about 80% of the assets are new they just capitalise through Municipal Infrastructure Grant.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

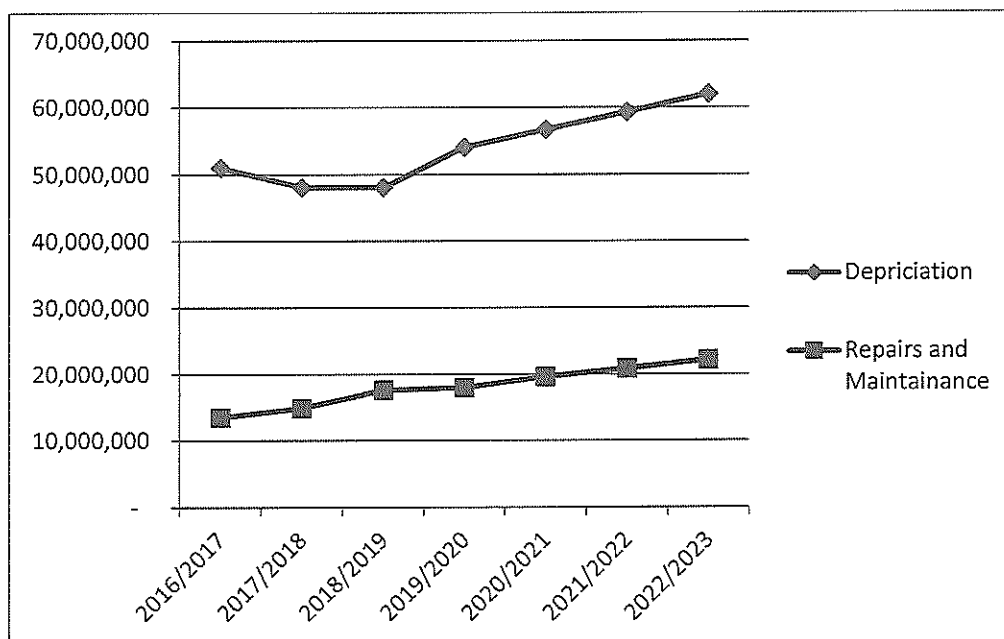


Figure 2 Depreciation in relation to repairs and maintenance over the MTREF

Table 13 MBRR Table A10 - Basic Service Delivery Measurement

UMzimkhulu Municipality

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KZN435 Umzimkhulu - Table A10 Basic service delivery measurement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Household service targets										
Water:										
Piped water inside dwelling	1	-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)	2	-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	4	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	8 700	8 700	8 700	8 700	8 700	8 700
<i>Minimum Service Level and Above sub-total</i>		-	-	-	8 700	8 700	8 700	8 700	8 700	8 700
Removed less frequently than once a week		-	-	-	1 970	1 970	1 970	1 970	1 970	1 970
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	1 970	1 970	1 970	1 970	1 970	1 970
<i>Below Minimum Service Level sub-total</i>		-	-	-	1 970	1 970	1 970	1 970	1 970	1 970
Total number of households	5	-	-	-	10 670	10 670	10 670	10 670	10 670	10 670
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided										
Highest level of free services provided per household		50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (Impermissible values per section 17 of MPRA)		-	-	3 284	-	-	-	2 670	2 793	2 921
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	3 284	-	-	-	2 670	2 793	2 921
Total revenue cost of subsidised services provided		-	-	3 284	-	-	-	2 670	2 793	2 921

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Refuse services – backlog will be reduced by 5% households in 2020/21, and a further 8 700 households in the outer two years of the MTREF. However, it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.
3. The budget provides a number of households to be registered as indigent in 2020/21, and therefore entitled to receiving Free Basic Services
4. It is anticipated that these Free Basic Services will cost the municipality R4.4 million in 2020/21, increasing to R4.8 million by 2022/23. This is covered by the municipality's equitable share allocation from national government.
5. In addition to the Free Basic Services, the municipality is in the process of identifying further indigent households to subsidise them on electrification in the rural areas. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 1 per cent of total operating revenue.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

1.6.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor will table in Council the required the IDP and budget time schedule in August 2020. Key dates applicable to the process were:

- **August 2020** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2020/21 MTREF;
- **November 2020** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **08 to 12 January 2021** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2021** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **25 January 2021**- Council considers the 2020/21 Mid-year Review and Adjustments Budget;
- **February 2021** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The Final 2020/21 MTREF is revised accordingly;
- **31 March 2021** - Tabling in Council of the draft 2021/22 IDP and 2022/23 MTREF for public consultation;
- **April 2021** – Public consultation;
- **07 May 2020** - Closing date for written comments;

- **10 to 14 May 2021** – finalisation of the 2021/22 IDP and 2021/22 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2021** - Tabling of the 2022/23 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

1.6.2 IDP and Service Delivery and Budget Implementation Plan

There will be a first review of the IDP as adopted by Council in May 2020. It will start in September 2020 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2022/23 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the third revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2019/20 MTREF, based on the approved 2020/21 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2020/21 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2019/20 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

1.6.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2020/21 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2020/21 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2019/20 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy

- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 98 and 99 has been taken into consideration in the planning and prioritisation process.

1.6.4 Community Consultation

The draft 2020/21 MTREF as tabled before Council on 26 March 2020 for the community consultation was published on the municipality's website, and hard copies was made available at customer care offices and municipal notice boards.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees will be utilising to facilitate the community consultation process that will be done in April/May 2020 that will be conducted and including twenty-two public briefing sessions, and the attendance will be recorded per meeting. This is up to the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions will schedule with organised business and imbizo's held to further ensure transparency and interaction. Other stakeholders involved in the consultation churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects was addressed, and it will be considered as part of the finalisation of the 2020/21 MTREF. Feedback and responses to the submissions received are available on request.

1.7 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIS);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2019/20 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 14 IDP Strategic Objectives

2019/20 Financial Year	2020/21 MTREF
1. Ensure that financial management systems are structured to increase municipal revenue, Ensure alignment of municipal development with budgetary allocations	1. Ensure that financial management systems are structured to increase municipal revenue, Ensure alignment of municipal development with budgetary allocations
2. To develop an organisation organisational architecture, business process and policies which will enable the municipality to fulfil its constitutional mandate and achieve its vision and mission.	2. To develop an organisation organisational architecture, business process and policies which will enable the municipality to fulfil its constitutional mandate and achieve its vision and mission.

3. To address issue of the youth women, disabled and vulnerable sectors of society on integrated basis. To develop systems to facilitate co-operative governance and inter-governmental relations especially with the District, other spheres of government and services provided to maximize the development impact within UMzimkhulu Municipality.	3. To address issue of the youth women, disabled and vulnerable sectors of society on integrated basis. To develop systems to facilitate co-operative governance and inter-governmental relations especially with the District, other spheres of government and services provided to maximize the development impact within UMzimkhulu Municipality
4. To ensure that in line with National goals, all households have access to basic services.	4. To ensure that in line with National goals, all households have access to basic services.
5. To facilitate coherent development of all growth areas.	5. To facilitate coherent development of all growth areas

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - o Provide electricity;
 - o Provide waste removal;
 - o Provide housing;
 - o Provide roads and storm water;
 - o Provide city planning services; and
 - o Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - o Ensuring there is a clear structural plan for the Municipality;
 - o Ensuring planning processes function in accordance with set timeframes;
 - o Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - o Effective implementation of the Indigent Policy;
 - o Working with the provincial department of health to provide primary health care services;
 - o Extending waste removal services and ensuring effective municipality cleansing;
 - o Working with strategic partners such as SAPS to address crime;
 - o Ensuring safe working environments by effective enforcement of building and health regulations;

- Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;

- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2020/21 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 15 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

KZN435 Umzimkhulu - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

SARLCO ORGANIZATION - Supporting Table 5.4A Reconciliation of RDP Strategic Objectives and Budget (Revenue)													
Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
To promote a culture of community participation and good municipal governance. Improve organizational cohesion and effectiveness.	Executive and council - Good Governance and Public Participation			31 327	35 844	36 592	24 598	24 600	24 600	26 270	28 119	29 679	
	Human Resources/Corporate services - Municipal Transformation and Institutional Development			23 470	29 063	38 173	41 728	41 805	41 805	40 595	43 448	45 857	
Create an environment that promotes the development of the local economy and facilitate job creation.	Planning and development - Cross Cutting and Local Economic Development (LED) and Social Development			13 993	16 819	19 900	26 708	27 366	27 366	29 590	30 451	32 139	
Eradicate backlogs in road infrastructure, improve access to services and ensure proper operations and maintenance.	Road transport - Basic Services Delivery			66 099	91 139	36 142	66 145	67 345	67 345	115 388	128 761	135 460	
To improve overall financial management in the municipality by developing and implementing appropriate financial management policies, procedures and systems.	Budget and treasury office - Municipal Financial Viability and Management			43 197	42 589	46 598	39 322	44 348	44 348	43 211	45 604	47 820	
Create an environment that promotes the development of the local economy and facilitate job creation.	Community and social services - Basic Service Delivery			25 455	22 106	25 173	18 653	17 466	17 466	22 570	24 111	25 432	
				914	2 711	2 854	3 209	2 727	2 727	2 753	2 880	3 012	
				-	-	48	48	369	369	350	366	383	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	224 455	240 271	205 480	220 411	226 025	226 025	280 726	303 740	319 782

Table 16 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

KZN435 Umzimkhulu - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Supporting Table 01A: Reconciliation of IDP Strategic Objectives and Budget (operating expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
R thousand													
To promote a culture of community participation and good municipal governance.	Executive and council - Good Governance and Public Participation			47 066	34 480	38 280	41 798	42 503	42 503	43 776	46 173	48 702	
Improve organizational cohesion and effectiveness.	Human Resources/Corporate services - Municipal Transformation and Institutional			36 134	61 413	67 318	45 897	45 810	45 810	48 445	51 339	53 967	
Create an environment that promotes the development of the local economy and	Planning and development - Cross Cutting and Local Economic Development (LED)			12 618	13 814	34 912	39 639	26 774	26 774	43 623	45 804	48 097	
Eradicate backlogs in road infrastructure, improve access to services and ensure proper	Road transport - Basic Services Delivery			66 585	70 959	79 832	89 305	84 431	84 431	89 251	93 737	98 454	
To improve overall financial management in the municipality by developing	Budget and treasury office - Municipal Financial Viability and Management			253	3 804	8 833	27 117	29 239	29 239	29 521	31 136	32 180	
Create an environment that promotes the development of the local economy and	Community and social services - Local Economic Development			27 649	32 627	38 897	48 828	44 636	44 636	49 787	52 597	55 569	
						1 080	6 714	9 684	9 684	8 968	9 466	9 991	
Allocations to other priorities													
Total Expenditure				1	190 306	217 097	259 152	299 297	283 077	283 077	313 371	330 252	346 962

Table 17 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

KZN435 Umzimkhulu - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand												
To promote a culture of community participation and good municipal governance.	Executive and council - Good Governance and Public Participation	A		1 214	2 151	310	280	660	660	420	-	-
Improve organizational cohesion and effectiveness.	Human Resources/Corporate services - Municipal Transformation and Institutional Development	B		1 567	51	4 400	11 120	9 740	9 740	3 680	-	-
Create an environment that promotes the development of the local economy and	Planning and development - Cross Cutting and Local Economic Development (LED)	C		55	80	2 220	1 100	1 032	1 032	1 525		
Eradicate backlogs in road infrastructure, improve access to services and ensure proper	Road transport - Basic Services Delivery	D		41 412	38 914	87 099	88 535	96 063	96 063	89 207	46 668	49 281
To improve overall financial management in the municipality by developing	Budget and treasury office - Municipal Financial Viability and Management	E		126	100	390	670	210	210	60		
Create an environment that promotes the development of the local economy and	Community and social services - Local Economic Development	F		955	36	1 120	6 460	5 838	5 838	700		
		G										
		H										
		I										
		J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	45 328	41 332	95 539	108 166	113 544	113 544	95 592	46 668	49 281

1.8 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets,

monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

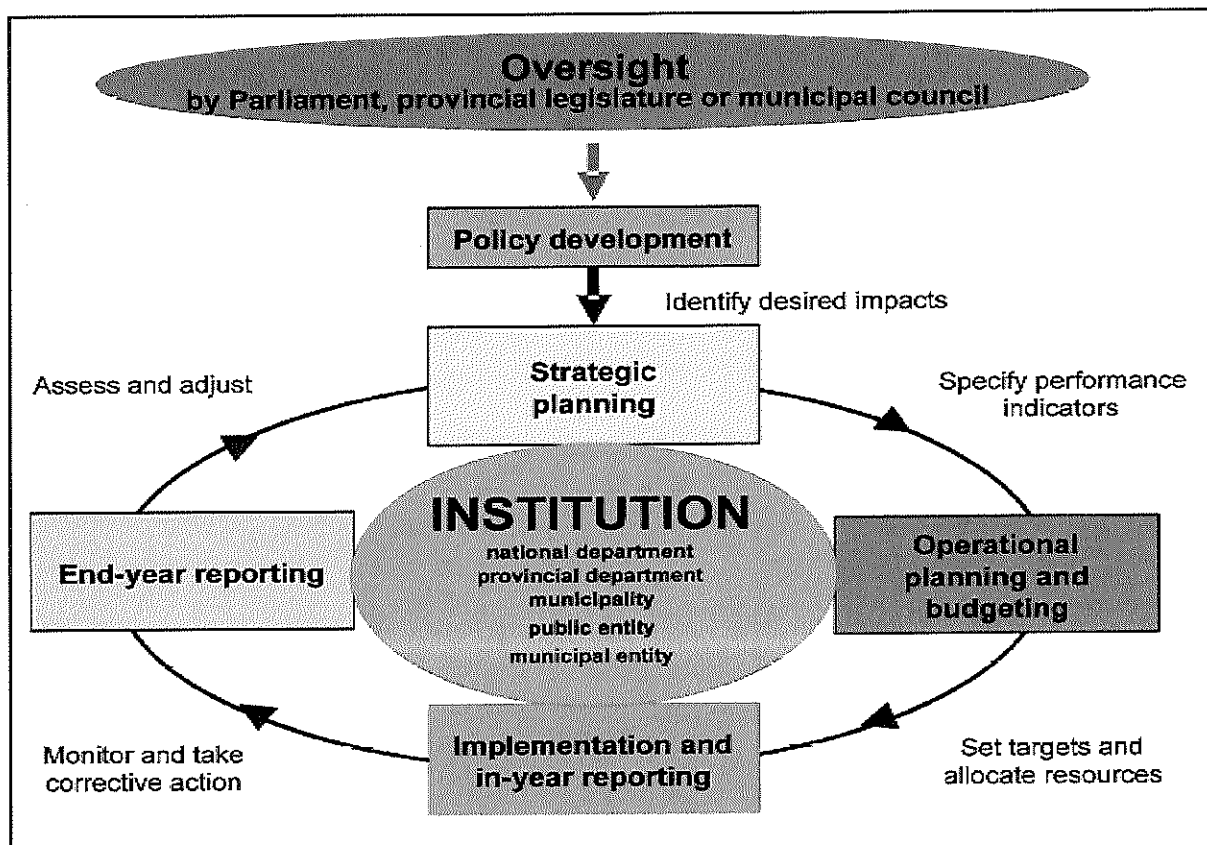


Figure 3 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the *Framework of Managing Programme Performance Information* issued by the National Treasury:

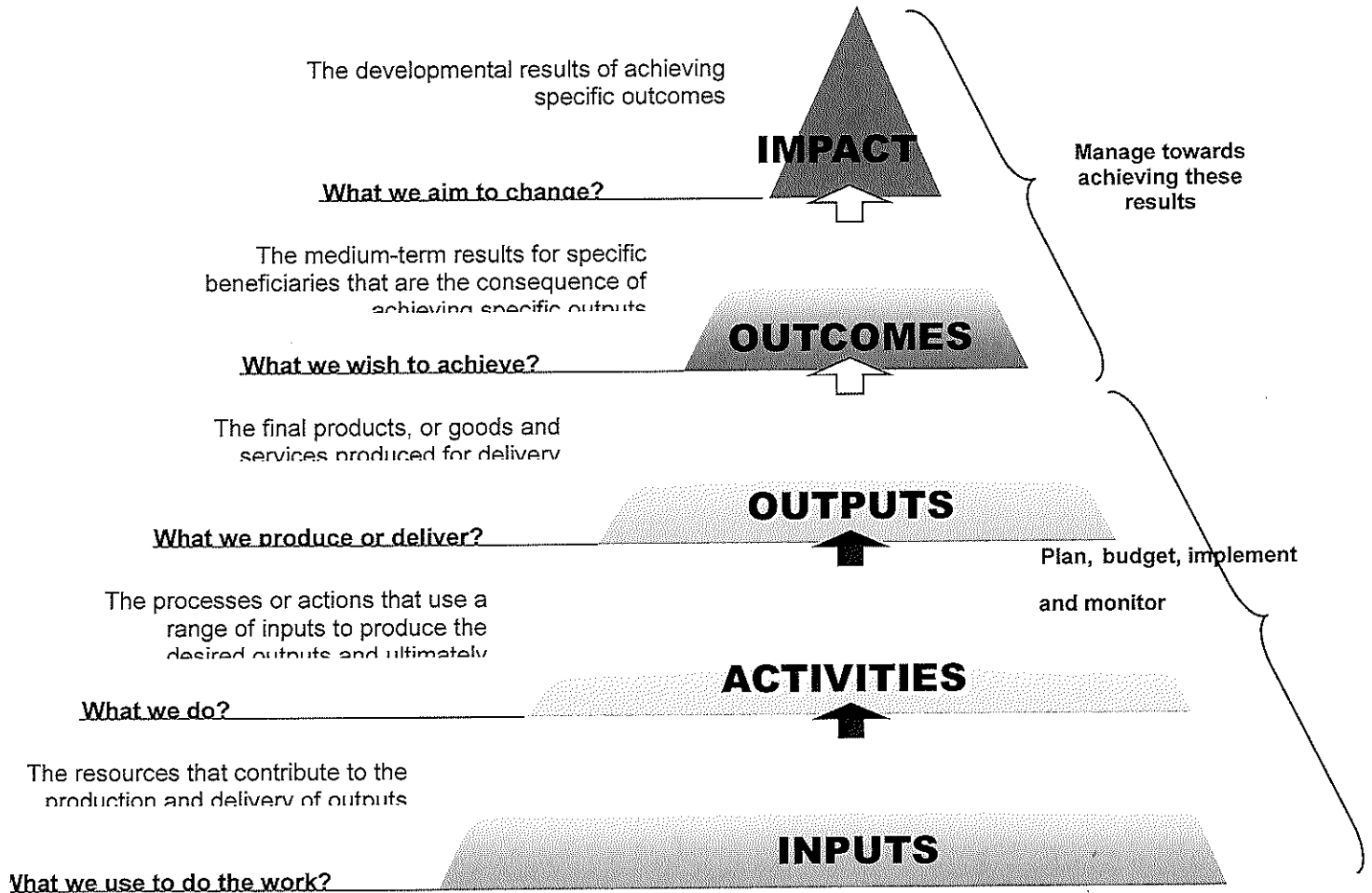


Figure 4 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 18 MBRR Table SA7 - Measurable performance objectives

KZN435 Umdimkhulu - Supporting Table SA7 Measurable performance objectives

Description	Unit of measurement	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Budget and Treasury Office										
Revenue	Increase on revenue	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%		
Billing and Collection										
Revenue enhancement										
Billing and Collection	Outstanding Service	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%		
The collection of billed customers		52.0%	52.0%	52.0%	52.0%	52.0%	52.0%	52.0%		
Reduction of debtors book										
Budgeting	% of Municipality's	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Budgeting										
Best Budgeting Practice to improve service										
Supply Chain Management	To ensure that goods and	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Acquisition and Demand										
To conform with the rules and regulations		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Disposal And Logistics	Meet turnaround time for		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
To ensure that the services required to										
Corporate Services		100.0%								
Human Resource	% of Municipality's budget		100.0%							
Human Resource		100.0%	100.0%							
To have well trained capacitated										
Human Resource	Reviewed municipal		100.0%							
Ensure that the municipal organisational										
Strategic Planning and Housing		100.0%								
Local Economic Development	Conduct 4 Small, Create jobs through LED		100.0%							
Local economic development										
To provide support to local business and for stimulation of economic growth by 2016										
Housing	Reviewal of the		25000							
Adoption of the reviewed housing sector plan		500.0%								
HIV/AIDS			500.0%							
To ensure effective and efficient HIV/AIDS	number of arts and	200.0%								
Arts and Culture			200.0%							
To continuously promote moral regulation &										
Tourism	No of tourism facilities									
To attract more tourist										
Roads										
CSS	road safety campaigns in									
To reduce accidents and road										
Infrastructure		100.0%								
Roads	Rehabilitation of the		100.0%							
Heritage		100.0%								
To continuously preserve the heritage of										
Roads	Number of workshops	100.0%	100.0%	100.0%	1000.0%	1000.0%	1000.0%	1000.0%		
Provision to sustainable road		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		
Waste Management										
No. waste management										
Sub-function 2 - (name)										
Insert measure's description										
Sub-function 3 - (name)										
Insert measure's description										
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2020/21 MTREF.

Table 19 MBRR Table SA8 - Performance indicators and benchmarks

KZN435 Umzimkhulu - Supporting Table SA8 Performance indicators and benchmarks

KZN435 Umzimkhulu - Supporting Table SAs Performance indicators and benchmarks									2020/21 Medium Term Revenue & Expenditure Framework		
Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Current Year 2019/20				Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome			
<u>Borrowing Management</u>											
Credit Rating	Interest & Principal Paid /Operating Expenditure	0.2%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Operating Expenditure	Finance charges & Repayment of borrowing /Own Revenue	1.5%	3.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Borrowing/Capital expenditure excl. transfers and grants and contributions	77.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure											
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	3.2	3.7	4.9	8.6	11.9	11.9	11.9	11.0	11.0	11.0
Current Ratio adjusted for aged debtors	Current assets/ less debtors > 90 days/current liabilities	3.2	3.7	4.9	8.6	11.9	11.9	11.9	11.0	11.0	11.0
Liquidity Ratio	Monetary Assets/Current Liabilities	3.1	3.6	4.7	7.8	11.1	11.1	11.1	10.1	10.1	10.1
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		202.1%	100.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		202.1%	100.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	2.0%	2.7%	4.1%	4.3%	4.2%	4.2%	4.2%	4.1%	4.1%	4.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Creditors to Cash and Investments											
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	34.6%	41.0%	46.7%	49.4%	45.9%	45.9%	45.9%	45.7%	46.3%	46.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	46.5%	52.5%	54.0%	57.0%	53.4%	53.4%		53.4%	54.1%	54.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.5%	5.8%	7.4%	7.9%	7.1%	7.1%		8.3%	8.3%	8.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	24.7%	24.4%	25.5%	24.5%	23.8%	23.8%	23.8%	23.8%	23.8%	23.6%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	1.9	1.9	3.7	1.9	1.9	1.9	2.7	2.4	2.4	2.5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	37.5%	44.2%	76.5%	68.6%	73.0%	73.0%	73.0%	76.0%	76.0%	76.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	17.1	16.8	10.0	4.3	7.8	7.8	7.8	6.3	4.8	3.4

1.8.1 Performance indicators and benchmarks

1.8.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue. Municipality does not commit to long term borrowing for 2020/2021 MTREF. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities,

- A *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure.

1.8.1.2 Safety of Capital

- The *debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.
- The *gearing ratio* is a measure of the total long term borrowings over funds and reserves.

1.8.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2020/21 MTREF the current ratio is 11.1 in the 2020/21 financial year and 11.1 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- The *liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2019/20 financial year the ratio was 4.1 and as part of the financial planning strategy it has been increased to 4.1 in the 2019/20 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

1.8.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

1.8.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of

risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

1.8.1.6 Other Indicators

- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers. Also note that uMzimkhulu municipality does not have bulk purchases (water and Electricity) it is district municipality function.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base. The municipality does not meet 8% of a PPE book value due to most of the assets are new. The municipality only meet 4% of a PPE.

1.8.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2019/20 financial year 199 (refuse) registered indigents have been provided for in the budget with this figured increasing to 250 by 2020/21. In terms of the Municipality's indigent policy registered households are free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 13 MBRR A10 (Basic Service Delivery Measurement) on page 39.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc.) are not taken into account in the table noted above.

1.9 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

1.9.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in October 2008 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition, emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2020/21 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 70 per cent on current billings. In addition, the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

1.9.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition, the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

1.9.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

1.9.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in September 2007. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

1.9.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy was approved by Council in May 2020. The budget and Virement policy was reviewed in order to align with mSCOA requirements.

1.9.6 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy was amended by Council in June 2011. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

1.9.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

1.9.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2020/21 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the

compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2019/20 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

NB: All the above policies are available on the Municipality's website (www.umzimkhululm.gov.za), as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy;
- Virement Policy and
- Basic Social Services Package (Indigent Policy).

1.10 Overview of budget assumptions

1.10.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

1.10.2 General inflation outlook and its impact on the municipal activities

There are four key factors that have been taken into consideration in the compilation of the 2020/21 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers; and
- The increase in the cost of remuneration. Employee related costs comprise 35 per cent of total operating expenditure in the 2020/21 MTREF and therefore the municipality estimate 6.25% increase to avoid huge required amount during the adjustment budget period as the circular 99 and 99 direct that there is agreement from SALGA that will be implemented.

- For 2020/21 FY 6.25 per cent.

1.10.3 Credit rating outlook

Table 20 Credit rating outlook

Security class	Currency	Rating	Annual rating 2009/10	Previous Rating
Short term	Rand	Prime -1	20 April 2010	Prime -1
Long-term	Rand	Aa3	20 April 2010	Aa3
Outlook	Rand	Negative	20 April 2010	Negative

The rating definitions are:

- Short term : Prime – 1
Short-Term Debt Ratings (maturities of less than one year)
Prime-1 (highest quality)
- Long-term : Aa3
Defined as high-grade. "Aa" rated are judged to be of high quality and are subject to very low credit risk.

1.10.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2019/20 MTREF the interest on investment is based on the assumption that all investments and grants will receive in early stage of the financial year.

1.10.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

1.10.6 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the

change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

1.10.7 Salary increases

The Salary and Wage Collective Agreement for the period 01 July 2018 to 30 June 2021 dated 15 August 2018 through the South African Local Government Bargaining Council Circular No. 12 of 2020 should be used when budgeting for employee related costs for the 2021 MTREF.

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

1.10.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2020/21 MTREF of which performance has been factored into the cash flow budget.

1.11 Overview of budget funding

1.11.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 21 Breakdown of the operating revenue over the medium-term

KZN435 Umzimkhulu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	6 989	8 767	7 722	9 978	9 633	9 633	9 633	9 237	9 662	10 106
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	1 803	2 711	2 854	3 209	2 719	2 719	2 719	2 753	2 880	3 012
Rental of facilities and equipment		1 184	552	544	559	559	559	559	579	606	633
Interest earned - external investments		10 802	13 234	14 944	8 056	13 117	13 117	13 117	11 055	11 563	12 095
Interest earned - outstanding debtors		243	280	348	364	476	476	476	505	528	553
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		689	695	408	408	721	721	721	653	683	714
Licences and permits		574	1 197	50	50	50	50	50	50	52	55
Agency services		499	-	1 200	1 200	1 200	1 200	1 200	1 200	1 255	1 313
Transfers and subsidies		158 436	167 042	174 938	195 183	195 879	195 879	195 879	209 936	220 107	232 204
Other revenue	2	2 534	1 730	2 472	1 404	1 667	1 667	1 667	1 659	1 736	1 816
Gains		-	-	-	-	3	3	3	-	-	-
Total Revenue (excluding capital transfers and contributions)		183 854	196 207	205 480	220 411	226 025	226 025	226 025	237 629	249 072	262 501

The following graph is a breakdown of the operational revenue per main category for the 2020/21 financial year

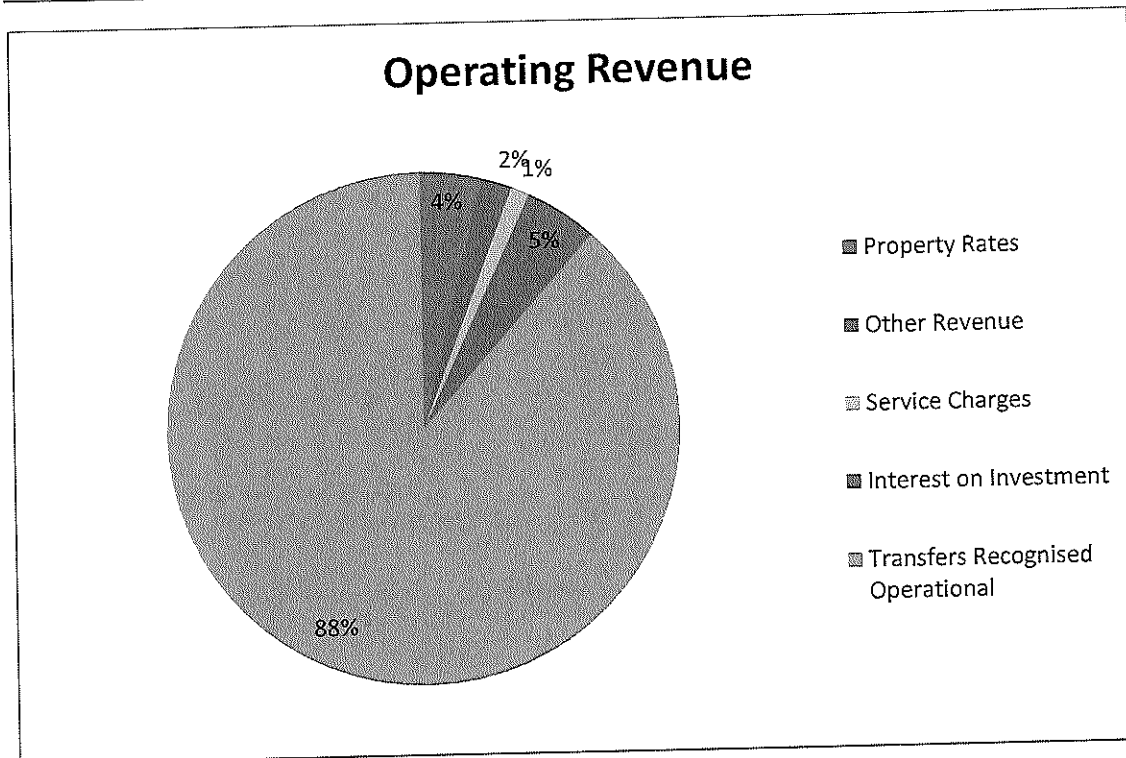


Figure 5 Breakdown of operating revenue over the 2020/21 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as, solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 70 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2020/21 MTREF on the different revenue categories are:

Table 22 Proposed tariff increases over the medium-term

Revenue category	2016/17 proposed tariff	2017/18 proposed tariff	2018/19 proposed tariff	2020/21 additional revenue for each 0 tariff increase	2021/22 additional revenue owing to % tariff increases	2022/23 Total Budgeted revenue
	%	%	%	R'000	R'000	R'000
Property rates	0	0	0	9 236	9 661	10 106
Total				9 236	9 661	10 106

Revenue to be generated from property rates is R9.2 million in the 2020/21 financial year and increases to R9.6 million by 2021/22 which represents 4 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality valuation roll has been concluded and it was sign off.

The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R2.7 million for the 2020/21 financial year and increasing to R2.9 million by 2021/22. For the 2020/21 financial year services charges amount to 1 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term.

Operational grants and subsidies amount to 209.9 million, 220 million and R232 million for each of the respective financial years of the MTREF, or 4.6 and 4.6 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 5 per cent and 6 per cent for the two outer years. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R11 million, R11.6 million and R12 million for the respective three financial years of the 2020/21 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 23 MBRR SA15 – Detail Investment Information

KZN435 Umzimkhulu - Supporting Table SA15 Investment particulars by type

KZN435 Umzimkhulu - Supporting Table SA15 Investment particulars by type											
Investment type	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
R thousand											
Parent municipality	1										
Securities - National Government											
Listed Corporate Bonds											
Deposits - Bank		176 381	207 697	115 566	89 888	128 651	128 651	113 301	118 513	123 965	
Deposits - Public Investment Commissioners											
Deposits - Corporation for Public Deposits											
Bankers Acceptance Certificates											
Negotiable Certificates of Deposit - Banks											
Guaranteed Endowment Policies (sinking)											
Repurchase Agreements - Banks											
Municipal Bonds											
Municipality sub-total			176 381	207 697	115 566	89 888	128 651	128 651	113 301	118 513	123 965
Entities											
Securities - National Government											
Listed Corporate Bonds											
Deposits - Bank											
Deposits - Public Investment Commissioners											
Deposits - Corporation for Public Deposits											
Bankers Acceptance Certificates											
Negotiable Certificates of Deposit - Banks											
Guaranteed Endowment Policies (sinking)											
Repurchase Agreements - Banks											
Entities sub-total		-	-	-	-	-	-	-	-	-	
Consolidated total:		176 381	207 697	115 566	89 888	128 651	128 651	113 301	118 513	123 965	

Table 23(i) MBRR SA16 – Investment particulars by maturity

KZN435 Umzimkhulu - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed Interest rate	Interest Rate	Commission Paid (Rands)	Commission Redempt	Expiry date of Investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (A)	Investment Top Up	Closing Balance
Name of Institution & Investment ID	1	Yrs/Months												
Parent municipality														
NEBANK	2	Deposits - Bank (03)	Yes	Fixed	7.81	0	No	23 March 2021	42 478	2 383				44 861
NEBANK	1	Deposits - Bank (02)	Yes	Fixed	7.5	0	No	18 February 2021	30 828	1 627				32 455
To be re-invest		Deposits - Bank (03)	Yes	Fixed	7.66	0	No		30 000	2 267				32 267
Standard Bank		Deposits - Bank (03)	Yes	Fixed		0	No		10 000	848				10 848
FNB 32 Days Call Account & Other Grants Acc		Deposits - Bank (03)	Yes	Variable		0	No			3 929				3 929
Municipality sub-total										114 301				124 356
Entities														
Entities sub-total										-				-
TOTAL INVESTMENTS AND INTEREST	1									113 301				124 356

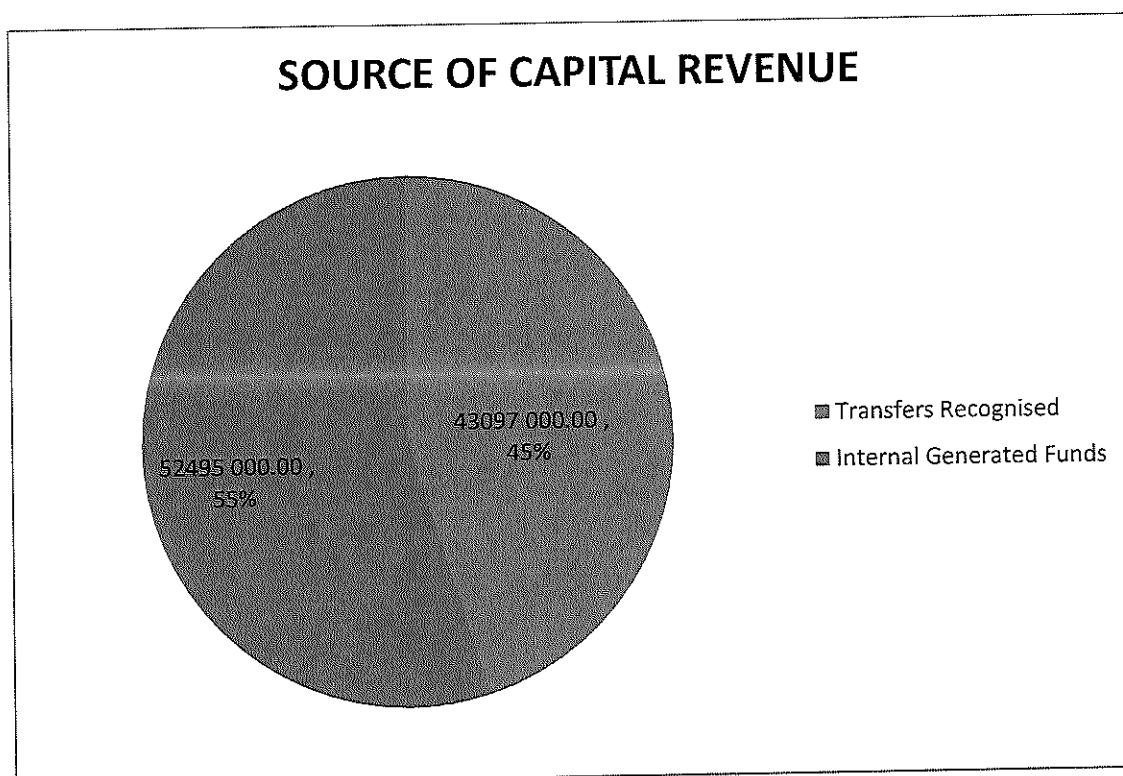
Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2020/21 medium-term capital programme:

Table 24 Sources of capital revenue over the MTREF

Vote Description R thousand	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Funded by:											
National Government		39 686	48 411	42 536	55 373	64 811	64 811	64 811	43 097	46 668	49 281
Provincial Government			5 082	8 360	8 243	8 395	8 395	8 395	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	39 686	53 494	50 886	63 616	73 206	73 206	73 206	43 097	46 668	49 281
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		5 643	-	44 653	44 550	40 338	40 338	40 338	52 495	-	-
Total Capital Funding	7	45 328	53 494	95 539	108 166	113 544	113 544	113 544	95 592	46 668	49 281

The above table is graphically represented as follows for the 2020/21 financial year.

**Figure 6 Sources of capital revenue for the 2020/21 financial year**

Capital grants and receipts equates to 45 per cent of the total funding source which represents R43 million for the 2020/21 financial year and steadily decrease to R54.7 million by 2021/22. The internal generated fund equates to 55 per cent of total funding source which is R52.5 million. There is a slightly decrease relating to national grant receipts is 22 per cent and to 6 per cent over the medium-term.

Table 25 MBRR Table SA 18 - Capital transfers and grant receipts

KZN435 Umzimkhulu - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		157 173	164 640	173 256	193 469	193 469	193 469	206 984	218 197	230 200
Local Government Equitable Share		152 393	160 817	169 032	189 217	189 217	189 217	202 075	216 297	228 300
Finance Management		1 825	1 900	1 900	1 900	1 900	1 900	1 900	1 900	1 900
Integrated National Electrification Programme		-	-	-	-	-	-	-	-	-
EPWP Incentive		1 299	1 923	2 324	2 352	2 352	2 352	3 009	-	-
Municipal Systems Improvement		-	-	-	-	-	-	-	-	-
MIG Admin cost 4% of R41 399 000		1 656	-	-	-	-	-	-	-	-
		1 265	1 325	1 667	1 714	1 714	1 714	2 954	1 910	2 004
Provincial Government:		-	-	50	-	-	-	-	-	-
Sports Facility Grant		-	-	-	-	-	-	-	-	-
Community Library Services Grant		380	583	779	834	834	834	911	975	1 023
Provincialisation of Libraries		885	742	838	880	880	880	905	935	981
Human Settlement - Title Deeds		-	-	-	-	-	-	1 138	-	-
		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	15	-	-	-	-	-	-
Donation: Private Enterprise		-	-	15	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	158 438	165 965	174 938	195 183	195 183	195 183	209 938	220 107	232 204
Capital Transfers and Grants										
National Government:		64 743	59 095	57 536	68 373	68 373	68 373	51 197	54 668	55 281
Municipal Infrastructure Grant (MIG)		39 743	44 095	42 536	55 373	55 373	55 373	43 097	46 668	49 281
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme		25 000	15 000	15 000	13 000	13 000	13 000	8 100	8 000	8 000
		2 500	-	8 350	8 243	8 243	8 243	-	8 000	8 000
Provincial Government:		2 500	-	7 850	8 243	8 243	8 243	-	8 000	8 000
Infrastructure - Sport Facilities		-	-	-	-	-	-	-	-	-
Municipal plans management systems grant		-	-	500	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Donation: Private Ente		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	67 243	59 095	65 886	76 616	76 616	76 616	51 197	62 668	63 281
TOTAL RECEIPTS OF TRANSFERS & GRANTS		225 681	225 060	240 824	271 799	271 799	271 799	261 135	282 775	295 485

1.11.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 26 MBRR Table A7 - Budget cash flow statement

KZN435 Umzimkhulu - Table A7 Budgeted Cash Flows											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts		17 767	8 767	5 405	6 984	6 743	6 743	6 743	6 466	6 763	7 074
Property rates			2 711	1 998	2 245	1 904	1 904	1 904	1 927	2 016	2 109
Service charges			3 779	4 674	3 621	4 197	4 197	4 197	4 141	4 331	4 531
Other revenue											
Transfers and Subsidies - Operational	1	156 782	166 560	174 938	195 183	195 183	195 183	195 183	209 938	220 107	232 193
Transfers and Subsidies - Capital	1	59 399	44 508	65 886	63 616	63 616	63 616	63 616	51 197	62 888	63 281
Interest		10 802	13 234	15 090	8 209	13 317	13 317	13 317	11 267	11 795	12 328
Dividends		-	-	-	-	-	-	-	-	-	-
Payments		(139 641)	(165 419)	(212 209)	(241 929)	(224 721)	(224 721)	(224 721)	(262 010)	(276 056)	(287 983)
Suppliers and employees											
Finance charges		(376)	(1 107)			(303)	(303)	(303)	(150)	(157)	(164)
Transfers and Grants	1			(7 110)	(12 600)						
NET CASH FROM/(USED) OPERATING ACTIVITIES		104 734	73 022	48 672	26 431	56 936	59 936	59 936	22 776	31 478	33 368
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	3	3	3	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(45 328)	(42 136)	(95 539)	(122 016)	(113 544)	(113 544)	(113 544)	(95 592)	(54 325)	(57 290)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(45 328)	(42 136)	(95 539)	(122 016)	(113 541)	(113 541)	(113 541)	(95 592)	(54 325)	(57 290)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		4 347	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		4 347	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		63 753	30 886	(46 867)	(96 585)	(53 605)	(53 605)	(53 605)	(72 816)	(22 846)	(23 922)
Cash/cash equivalents at the year begin:	2	111 745	175 498	206 384	174 052	182 834	182 834	182 834	189 934	117 118	94 271
Cash/cash equivalents at the year end:	2	175 498	206 384	159 517	77 467	129 230	129 230	129 230	117 118	94 271	70 350

The above table shows that cash and cash equivalents of the Municipality were largely depleted between the 2016/17 and 2018/19 financial year moving from a positive cash balance of R175 million (audited 2016/2017) to a decrease of R15 million with the approved 2018/19 MTREF. With the 2019/20 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition the Municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the Municipality and it is projected that cash and cash equivalents on hand will increase to R129 million by the

financial year end. For the 2020/21 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to equal to R117 million by 2020/21 and steadily decreasing to R71 million by 2022/23.

1.11.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 27 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

KZN435 Umzimkhulu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and investments available											
Cash/cash equivalents at the year end	1	175 498	206 384	159 517	77 467	129 230	129 230	129 230	117 118	94 271	70 350
Other current investments > 90 days		-	-	23 317	13 000	0	0	0	278	28 524	58 095
Non current assets - investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		175 498	206 384	182 834	90 467	129 230	129 230	129 230	117 395	122 795	128 444
Application of cash and investments											
Unspent conditional transfers		-	19 250	18 230	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	51 509	33 300	14 027	4 555	4 499	4 499	4 499	4 188	4 381	4 582
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		51 509	52 550	32 256	4 555	4 499	4 499	4 499	4 188	4 381	4 582
Surplus(shortfall)		123 989	153 834	150 578	85 912	124 731	124 731	124 731	113 207	118 414	123 862

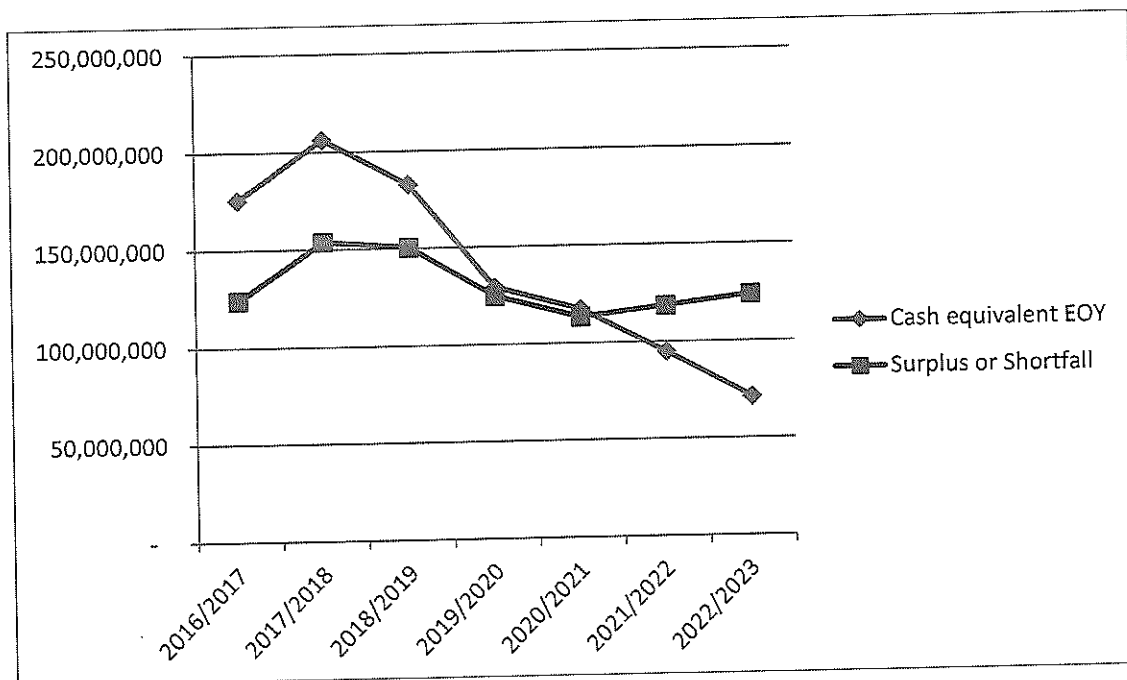
From the above table it can be seen that the cash and investments available total R129 million in the 2019/20 financial year and progressively decrease to R117 million by 2020/21, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return

unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2019/20 financial year the municipality has an unspent of R7 and R9 million allocated grants by Provincial Treasury (Sport and Recreation) and National Treasury (Municipal Infrastructure Grant - Cogta).

The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as experienced by the Municipality in the past financial years resulting in positive cash flow. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 90 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.



Financial Years	Cash equivalent EOY	Surplus or Shortfall
-----------------	---------------------	----------------------

2016/2017	175 498 000	123 989 000
2017/2018	206 384 000	153 834 000
2018/2019	182 834 000	150 578 000
2019/2020	129 230 000	124 731 000
2020/2021	117 395 000	113 195 000
2021/2022	94 839 000	118 402 000
2022/2023	71 221 000	123 848 000

Figure 7 Cash and cash equivalents / Cash backed reserves and accumulated funds

1.11.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 28 MBRR SA10 – Funding compliance measurement

KZN435 Umzimkhulu Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	175 498	206 384	159 517	77 467	129 230	129 230	129 230	117 395	94 839	71 221
Cash + investments at the yr end less applications - R'000	18(1)b	2	123 989	153 834	150 578	85 912	124 731	124 731	124 731	113 195	118 402	123 848
Cash year and/monthly employee/supplier payments	18(1)b	3	17.1	16.8	10.0	4.3	7.8	7.8	7.8	6.3	4.8	3.4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	34 542	23 417	(19 530)	(15 270)	16 154	16 154	16 154	(32 248)	(26 098)	(26 757)
Service charge rev. % change - macro CPI target exclusive	18(1)a,(2)	5	N.A.	24.6%	(13.9%)	18.7%	(12.3%)	(8.0%)	(6.0%)	(5.7%)	(1.4%)	(1.4%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	121.6%	95.8%	77.4%	74.8%	75.4%	75.4%	75.4%	75.2%	75.2%	75.2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	26.8%	31.0%	35.9%	28.8%	35.0%	35.0%	35.0%	21.1%	21.1%	20.6%
Capital payments % of capital expenditure	18(1)c,(1)	8	100.0%	101.9%	100.0%	112.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	77.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Gov't legislated/gazetted allocations	18(1)a	10								96.9%	97.2%	98.0%
Current consumer debtors % change - inc/(decr)	18(1)a	11	N.A.	42.2%	60.0%	10.9%	0.0%	0.0%	0.0%	4.5%	4.6%	4.6%
Long term receivables % change - inc/(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(v)	13	2.4%	2.8%	3.5%	3.9%	3.5%	3.5%	4.4%	4.0%	4.4%	4.4%
Asset renewal % of capital budget	20(1)(v)	14	0.0%	0.6%	1.5%	0.7%	0.7%	0.7%	0.0%	2.8%	0.0%	0.0%

[illegible]

1.11.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2020/21 MTREF shows R117 million, R95 million and R71 million for each respective financial year. So in this case the municipality forecast cash is positive.

1.11.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 11, on page 33. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

1.11.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been up significantly for the period 2016/17 to 2018/19, moving from 4.6 to 4.6 with the tabled 2020/21 MTREF. As part of the 2020/21 MTREF the municipalities improving cash position causes the ratio to move upwards to 6 and then decrease slightly to (14 and 11) for the outer years. As indicated above the Municipality it aims is to achieve at least two month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

1.11.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2020/21 MTREF the indicative outcome is a surplus of R113, R118 and R124 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

1.11.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 6.6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 1, -0.2 and -0.1 per cent for the respective financial year of the 2020/21 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 1 per cent. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

1.11.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 87.9 per cent for each of the respective financial years. Given that the assumed collection rate was based on an 70 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

1.11.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 25.0 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

1.11.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep 100% compliance with the legislative requirement that debtors be paid within 30 days.

1.11.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could

indicate that not all grants as contained in the Division of Revenue Act (DORA) have been budgeted for. The Municipality has budgeted for all transfers.

1.11.4.10 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

1.11.4.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 42 MBRR SA34C on page 100

1.11.4.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

1.12 Expenditure on grants and reconciliations of unspent funds

Table 29 MBRR SA19 - Expenditure on transfers and grant programmes

KZN435 Umzimkhulu - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		157 173	164 540	173 256	193 469	193 469	193 469	206 984	218 197	230 200
Local Government Equitable Share		152 393	160 817	169 032	189 217	189 217	189 217	202 075	216 297	228 300
Finance Management		1 825	1 900	1 900	1 900	1 900	1 900	1 900	1 900	1 900
Integrated National Electrification Programme		-	-	-	-	-	-	-	-	-
EPWP Incentive		1 299	1 923	2 324	2 352	2 352	2 352	3 009	-	-
Municipal Systems Improvement		-	-	-	-	-	-	-	-	-
MIG Admin cost 4% of R41 399 000		1 656	-	-	-	-	-	-	-	-
Provincial Government:		1 265	1 325	1 667	1 714	1 714	1 714	2 954	1 910	2 004
Sports Facility Grant		-	-	80	-	-	-	-	-	-
Community Library Services Grant		380	583	779	834	834	834	911	975	1 023
Provincialisation of Libraries		885	742	838	880	880	880	905	935	981
Human Settlement - Title Deeds		-	-	-	-	-	-	1 138	-	-
0		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	15	-	-	-	-	-	-
Donation: Private Enterprise		-	-	15	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		158 438	165 965	174 938	195 183	195 183	195 183	209 938	220 107	232 204
Capital expenditure of Transfers and Grants										
National Government:		64 743	59 095	57 536	68 373	68 373	68 373	51 197	54 668	55 281
Municipal Infrastructure Grant (MIG)		39 743	44 095	42 536	55 373	55 373	55 373	43 097	46 668	49 281
Integrated National Electrification Programme		25 000	15 000	15 000	13 000	13 000	13 000	8 100	8 000	6 000
Provincial Government:		2 500	8 350	7 850	8 243	8 243	8 243	-	8 000	8 000
Infrastructure - Sport Facilities		2 500	-	7 850	8 243	8 243	8 243	-	8 000	8 000
Municipal plans management systems grant		-	-	500	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Donation: Private Ente		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		67 243	67 445	65 386	76 616	76 616	76 616	51 197	62 668	63 281
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		225 681	233 410	240 324	271 799	271 799	271 799	261 135	282 775	295 485

Table 30 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

KZN435 Umzimkhulu - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year				173 256	193 469	193 469	193 469	206 984	218 197	230 200
Current year receipts										
Conditions met - transferred to revenue		-	-	173 256	193 469	193 469	193 469	206 984	218 197	230 200
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year				286						
Current year receipts				50	1 714	1 714	1 714	2 954	1 910	2 004
Conditions met - transferred to revenue		-	-	50	1 714	1 714	1 714	2 954	1 910	2 004
Conditions still to be met - transferred to liabilities				286						
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		-	-	173 306	195 183	195 183	195 183	209 938	220 107	232 204
Total operating transfers and grants - CTBM	2	-	-	286	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year				57 536	68 373	68 373	68 373	51 197	54 668	55 281
Current year receipts										
Conditions met - transferred to revenue		-	-	57 536	68 373	68 373	68 373	51 197	54 668	55 281
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year				500	8 243	8 243	8 243	-	8 000	8 000
Current year receipts										
Conditions met - transferred to revenue		-	-	-	8 243	8 243	8 243	-	8 000	8 000
Conditions still to be met - transferred to liabilities				500						
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	-	57 536	76 616	76 616	76 616	51 197	62 668	63 281
Total capital transfers and grants - CTBM	2	-	-	500	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		-	-	230 842	271 799	271 799	271 799	261 135	282 775	295 485
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	786	-	-	-	-	-	-

1.13 Councillor and employee benefits

Table 31 MBRR SA22 - Summary of councillor and staff benefits

KZN435 Umzimkhulu - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		10 198	9 545	7 492	8 692	8 949	8 949	9 649	10 228	10 842
Pension and UIF Contributions		1 098	1 095	1 997	2 247	2 220	2 220	2 490	2 640	2 798
Medical Aid Contributions		60	90	561	561	622	622	484	514	544
Motor Vehicle Allowance		1 540	1 630	2 874	3 174	3 013	3 013	3 552	3 765	3 991
Cellphone Allowance		1 661	2 168	1 591	1 591	1 744	1 744	1 714	1 816	1 925
Housing Allowances		—	—	393	405	416	416	427	452	480
Other benefits and allowances		—	—	—	—	—	—	—	—	—
Sub Total - Councillors	4	14 758	14 528	14 908	16 570	16 964	16 964	18 318	19 415	20 580
% increase	4		(1.6%)	2.6%	11.2%	2.4%	—	8.0%	6.0%	6.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		3 450	3 481	4 451	4 409	3 662	3 662	3 765	4 001	4 251
Pension and UIF Contributions		825	709	307	307	401	401	409	435	462
Medical Aid Contributions		—	—	228	228	311	311	320	340	361
Overtime		590	515	613	644	644	644	632	672	714
Performance Bonus		1 346	1 484	778	778	1 423	1 423	1 236	1 313	1 395
Motor Vehicle Allowance	3	144	148	135	135	135	135	135	143	152
Cellphone Allowance	3	164	137	131	131	142	142	145	154	163
Housing Allowances	3	218	220	—	—	—	—	—	—	—
Other benefits and allowances	3	339	417	164	304	374	374	171	182	193
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Municipality	4	7 076	7 111	6 808	6 937	7 092	7 092	6 813	7 239	7 691
% increase	4		0.5%	(4.3%)	1.9%	2.2%	—	(3.9%)	6.3%	6.2%
Other Municipal Staff										
Basic Salaries and Wages		44 454	55 265	59 281	65 365	64 401	64 401	68 480	72 760	77 308
Pension and UIF Contributions		5 051	5 574	8 344	9 274	8 393	8 393	9 133	9 704	10 311
Medical Aid Contributions		2 983	4 252	4 675	4 675	4 698	4 698	4 643	4 933	5 241
Overtime		1 665	2 294	2 216	2 529	3 338	3 338	2 906	3 087	3 280
Performance Bonus		3 330	3 689	4 609	10 038	4 799	4 799	4 931	5 239	5 566
Motor Vehicle Allowance	3	3 180	4 288	4 899	4 928	5 787	5 787	6 333	6 729	7 149
Cellphone Allowance	3	114	717	1 319	1 350	670	670	1 076	1 143	1 215
Housing Allowances	3	1 192	1 566	1 756	1 814	1 759	1 759	1 802	1 915	2 035
Other benefits and allowances	3	(116)	99	41	193	196	196	165	175	186
Payments in lieu of leave		1 826	3 561	2 018	1 878	2 579	2 579	2 553	2 712	2 882
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
Sub Total - Other Municipal Staff	4	63 678	81 305	89 158	102 043	96 621	96 621	102 021	108 398	115 173
% increase	4		27.7%	9.7%	14.5%	(5.3%)	—	5.6%	6.2%	6.3%
Total Parent Municipality		85 512	102 943	110 874	125 550	120 678	120 678	127 151	135 052	143 444
			20.4%	7.7%	13.2%	(3.9%)	—	5.4%	6.2%	6.2%
TOTAL SALARY, ALLOWANCES & BENEFITS		85 512	102 943	110 874	125 550	120 678	120 678	127 151	135 052	143 444
% increase	4		20.4%	7.7%	13.2%	(3.9%)	—	5.4%	6.2%	6.2%
TOTAL MANAGERS AND STAFF	5,7	70 754	88 416	95 966	108 979	103 714	103 714	108 834	115 637	122 864

KZN435 Umzimkhulu - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)				
	Allowances	Performance	In-kind	Total

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Table 33 MBRR SA24 – summary of personnel numbers

KZN435 Umzimkhulu - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2018/19			Current Year 2019/20			Budget Year 2020/21		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities		43	6	37	43	6	37	43	6	37
Councillors (Political Office Bearers plus Other Councillors)	4									
Board Members of municipal entities	5									
Municipal employees	3	6	–	6	5	–	5	5	–	5
Municipal Manager and Senior Managers	7									
Other Managers		438	419	19	444	423	21	449	428	21
Professionals		28	21	7	29	22	7	32	25	7
Finance		15	13	2	16	14	2	18	16	2
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other		395	385	10	399	387	12	399	387	12
Technicians		44	42	2	46	44	2	47	45	2
Finance										
Spatial/town planning										
Information Technology		4	3	1	5	4	1	5	4	1
Roads		3	2	1	3	2	1	3	2	1
Electricity										
Water										
Sanitation										
Refuse		37	37	–	38	38	–	39	39	–
Other										
Clerks (Clerical and administrative)		89	–	89	89	–	89	90	–	90
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		13	9	4	15	11	4	15	11	4
Elementary Occupations										
TOTAL PERSONNEL NUMBERS	9	633	476	157	642	484	158	649	490	159
% increase					1.4%	1.7%	0.6%	1.1%	1.2%	0.6%
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

2.9 Monthly targets for revenue, expenditure and cash flow

Table 34 MBRR SA25 - Budgeted monthly revenue and expenditure

UMzimkhulu Municipality

KZN435 Umzimkhulu - Supporting Table SA25 Budgeted monthly revenue and expenditure

R thousand	Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework			
			Budget Year 2020/21												June	May	April	March
			July	August	Sept.	October	November	December	January	February	March	April	May	June				
Revenue By Source	Property rates		5 602	366	366	366	366	366	366	366	366	366	366	366	366	366	366	366
	Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Service charges - refuse revenue		229	229	229	229	229	229	229	229	229	229	229	229	229	229	229	229
	Rental of facilities and equipment		48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48
	Interest earned - external investments		921	921	921	921	921	921	921	921	921	921	921	921	921	921	921	921
	Interest earned - outstanding debtors		42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42
	Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fines, penalties and forfeits		54	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54
	Licences and permits		4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
	Agency services		100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
	Transfers and subsidies		84 872	2 652	116	116	116	116	116	116	116	116	116	116	116	116	116	116
	Other revenue		131	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and con			92 004	4 534	1 927	1 882	4 374	70 428	1 882	2 859	52 446	1 882	1 882	1 927	237 629	249 072	262 501	262 501
Expenditure By Type	Employee related costs		8 795	8 795	8 795	8 795	8 795	11 308	8 942	8 795	8 795	8 795	8 795	9 427	108 834	115 637	122 864	122 864
	Remuneration of councillors		1 526	1 526	1 526	1 526	1 526	1 526	1 526	1 526	1 526	1 526	1 526	1 526	18 316	19 415	20 580	20 580
	Debt impairment		283	33	348	339	39	39	542	39	39	589	39	289	2 618	2 738	2 787	2 787
	Depreciation & asset impairment		4 724	4 724	4 724	4 724	4 724	4 724	4 724	4 724	4 724	4 724	4 724	4 724	56 663	59 301	62 029	62 029
	Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other materials		-	250	1 780	150	100	1 050	135	100	1 980	30	170	825	6 550	6 851	7 157	7 157
	Contracted services		3 499	4 272	7 082	2 465	4 160	12 647	4 005	4 282	10 397	3 812	4 045	12 096	72 761	76 108	79 531	79 531
	Transfers and subsidies		3 751	4 047	4 443	3 865	3 677	3 855	4 647	2 617	5 186	3 625	3 039	4 686	47 448	50 045	51 851	51 851
	Other expenditure		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Expenditure		22 579	23 648	28 679	21 865	23 021	35 150	24 672	22 084	32 647	23 102	22 339	33 584	313 371	330 262	346 962	346 962
	Surplus/(Deficit)		69 425	(19 114)	(26 752)	(19 984)	(18 647)	35 278	(22 790)	(19 225)	19 798	(21 220)	(20 457)	(31 657)	(75 742)	(81 180)	(84 461)	(84 461)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		1 855	6 009	3 180	3 909	4 384	4 034	4 205	6 303	3 034	3 159	2 284	731	43 087	54 668	57 281	57 281
	Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Surplus/(Deficit) after capital transfers & contributions		71 280	(13 105)	(23 571)	(16 074)	(14 263)	39 312	(18 584)	(12 915)	22 833	(18 061)	(18 173)	(30 926)	(32 645)	(26 512)	(27 180)	(27 180)
	Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Surplus/(Deficit)		1	71 280	(13 105)	(23 571)	(14 263)	39 312	(18 584)	(12 915)	22 833	(18 061)	(18 173)	(30 926)	(32 645)	(26 512)	(27 180)	(27 180)

Table 35 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

KZN435 Umzimkhulu - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)																	
Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework			
		Budgeted monthly revenue and expenditure (municipal vote)												Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
		July	August	Sept.	October	November	December	January	February	March	April	May	June				
R thousand																	
Revenue by Vote																	
Vote 1 - Executive & Council		11 033	-	-	-	-	8 689	-	-	-	6 587	-	-	26 270	28 119	29 679	
Vote 2 - Finance & Administration		32 053	3 255	1 400	1 355	1 355	21 406	1 355	1 355	1 355	16 556	1 004	1 355	83 806	89 052	93 677	
Vote 3 - Community & Social Service		8 526	39	39	39	39	8 524	39	114	5 091	5 091	39	39	22 570	24 111	25 432	
Vote 4 - Strategic Planning & Housing Development		11 909	12	12	12	1 150	9 348	12	12	7 085	7 085	12	12	29 590	30 461	32 139	
Vote 5 - Infrastructure		38 366	1 198	446	446	1 800	39 690	446	1 348	33 063	33 063	446	446	118 139	131 641	138 472	
Vote 6 - Other		29	29	29	29	29	29	29	29	29	29	29	29	350	366	363	
Vote 7 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 8 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 9 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 10 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue by Vote		101 916	4 534	1 927	1 882	4 374	87 666	1 882	2 859	68 391	1 882	1 882	1 530	280 726	303 740	319 782	
Expenditure by Vote to be appropriated																	
Vote 1 - Executive & Council		3 371	4 634	3 367	3 926	3 697	3 640	3 671	3 230	3 382	3 951	3 454	3 454	43 776	46 173	48 702	
Vote 2 - Finance & Administration		7 173	5 707	6 596	6 298	6 163	7 171	7 175	6 132	6 422	6 797	6 113	6 219	77 966	82 475	86 148	
Vote 3 - Community & Social Service		4 071	3 440	5 669	3 801	3 860	5 947	4 260	3 253	4 754	3 461	3 663	4 597	50 757	53 612	56 631	
Vote 4 - Strategic Planning & Housing Development		1 068	1 068	4 885	1 016	1 068	9 951	941	866	9 706	1 068	1 068	10 921	43 623	45 804	48 097	
Vote 5 - Infrastructure		7 099	9 002	8 152	6 825	8 445	8 441	8 635	8 504	8 383	8 027	8 243	7 381	97 249	102 188	107 384	
Vote 6 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 7 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 8 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 9 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 10 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure by Vote		22 781	23 850	28 679	21 865	23 223	35 150	24 672	22 085	32 647	23 304	22 541	32 572	313 371	330 252	346 952	
Surplus/(Deficit) before assoc.		79 135	(19 316)	(26 752)	(19 984)	(18 849)	52 517	(22 790)	(19 226)	35 744	(21 422)	(20 860)	(31 042)	(32 645)	(26 512)	(27 180)	
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)	1	79 135	(19 316)	(26 752)	(19 984)	(18 849)	52 517	(22 790)	(19 226)	35 744	(21 422)	(20 860)	(31 042)	(32 645)	(26 512)	(27 180)	

Table 36 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

UMzimkhulu Municipality

KZN435 Umzimkhulu - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

KZN435 Umzimkhulu - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)																		
R thousand	Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework			
			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year	Budget Year	Budget Year	
															2020/21	+1 2021/22	+2 2022/23	
Revenue - Functional																		
Governance and administration																		
	Executive and council		43 086	3 255	1 400	1 355	1 355	30 075	1 355	1 355	23 123	1 355	1 355	1 004	110 076	117 171	123 356	
	Finance and administration		32 063	3 255	1 400	1 355	1 355	21 406	1 355	1 355	16 556	1 355	1 355	1 004	83 806	89 052	93 677	
Community and public safety																		
	Internal audit		8 526	39	39	39	39	8 524	39	114	5 091	39	39	39	22 570	24 111	25 432	
	Community and social services		8 526	39	39	39	39	8 524	39	114	5 091	39	39	39	22 570	24 111	25 432	
	Sport and recreation																	
	Public safety																	
	Housing																	
	Health																	
Economic and environmental services																		
	Planning and development		50 045	981	229	229	2 721	48 809	229	1 131	39 918	229	229	229	144 976	159 212	167 599	
	Road transport		11 909	12	12	12	1 150	9 348	12	12	7 085	12	12	12	29 590	30 451	32 139	
	Environmental protection		38 136	963	216	216	1 570	39 461	216	1 119	32 833	216	216	216	115 386	128 761	135 460	
Trading services																		
	Energy sources		229	229	229	229	229	229	229	229	229	229	229	229	2 753	2 880	3 012	
	Water management																	
	Waste management		229	229	229	229	229	229	229	229	229	229	229	229	2 753	2 880	3 012	
	Other		29	29	29	29	29	29	29	29	29	29	29	29	350	366	383	
	Total Revenue - Functional		101 916	4 534	1 927	1 882	4 374	87 666	1 882	2 859	68 391	1 882	1 882	1 530	280 726	303 740	319 782	
Expenditure - Functional																		
Governance and administration																		
	Executive and council		10 544	10 340	9 853	9 860	9 860	10 810	10 846	9 362	9 804	10 749	9 567	9 673	121 742	128 647	134 850	
	Finance and administration		3 371	4 634	3 367	3 697	3 697	3 840	3 671	3 230	3 382	3 951	3 454	3 454	43 776	46 173	48 702	
	Internal audit		7 173	5 707	6 596	6 163	6 163	7 171	7 175	6 132	6 422	6 787	6 113	6 219	77 966	82 475	86 148	
Community and public safety																		
	Community and social services		4 071	3 440	5 669	3 850	3 850	5 947	4 250	3 253	4 754	3 461	3 663	4 597	50 757	53 612	56 631	
	Community and social services		4 008	3 378	5 594	3 788	3 788	5 872	4 182	3 191	4 599	3 398	3 601	4 517	49 787	52 597	55 569	
	Sport and recreation		63	63	75	63	63	75	68	63	155	63	63	80	970	1 015	1 061	
	Public safety																	
	Housing																	
	Health																	
Economic and environmental services																		
	Planning and development		7 397	8 705	12 159	8 348	8 348	17 799	8 613	8 456	16 996	7 980	8 296	18 133	129 803	136 330	143 192	
	Environmental protection		866	866	4 885	866	866	9 951	941	866	9 706	866	866	11 931	43 623	45 804	48 097	
	Road transport		6 531	7 839	7 274	7 482	7 482	7 848	7 672	7 590	7 250	7 114	7 430	6 202	86 181	90 526	95 095	
Trading services																		
	Energy sources		568	1 163	888	963	963	593	963	1 013	1 083	913	813	1 180	11 068	11 662	12 289	
	Water management		84	234	159	234	234	159	84	234	159	84	234	151	1 900	1 987	2 079	
	Waste management				50	50	50						50		200	209	219	
	Other																	
	Waste management		484	929	679	679	679	434	879	779	884	829	529	1 029	8 968	9 466	9 991	
	Total Expenditure - Functional		22 579	23 648	28 679	21 865	23 021	35 150	24 672	22 084	32 647	23 102	22 339	33 584	313 371	330 252	346 962	
	Surplus/(Deficit) before assoc.		79 337	(19 114)	(26 752)	(19 984)	(18 647)	52 517	(22 790)	(19 225)	35 744	(21 220)	(20 467)	(32 053)	(32 645)	(28 512)	(27 180)	
	Share of surplus/ (deficit) of associate																	
	Surplus/(Deficit)		79 337	(19 114)	(26 752)	(19 984)	(18 647)	52 517	(22 790)	(19 225)	35 744	(21 220)	(20 467)	(32 053)	(32 645)	(28 512)	(27 180)	
		1	79 337	(19 114)	(26 752)	(19 984)	(18 647)	52 517	(22 790)	(19 225)	35 744	(21 220)	(20 467)	(32 053)	(32 645)	(28 512)	(27 180)	
																	84	

Table 37 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

KZN435 Umzimkhulu - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)																		
Description R thousand			Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
																Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
				July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June			
Multi-year expenditure to be appropriated			1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 1 - Executive & Council				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 2 - Finance & Administration				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 3 - Community & Social Service				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 4 - Strategic Planning & Housing Development				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 5 - Infrastructure				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 6 - Other				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 7 - Null				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 8 - Null				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 9 - Null				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 10 - Null				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 11 - Null				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 12 - Null				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 13 - Null				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 14 - Null				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 15 - Null				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital multi-year expenditure sub-total			2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Single-year expenditure to be appropriated				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 1 - Executive & Council				-	-	100	70	50	100	-	970	-	100	-	420	-	-	
Vote 2 - Finance & Administration				-	-	1 950	180	590	900	-	900	-	-	3 740	-	-		
Vote 3 - Community & Social Service				-	-	1 950	-	350	1 900	1 900	1 750	-	7 700	7 700	-	-		
Vote 4 - Strategic Planning & Housing Development				-	-	183	-	893	-	-	450	-	200	1 525	-	-		
Vote 5 - Infrastructure				2 155	14 249	5 518	7 024	10 059	6 122	4 705	12 084	6 352	5 909	5 459	82 207	46 668	49 281	
Vote 6 - Other				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 7 - Null				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 8 - Null				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 9 - Null				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 10 - Null				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 11 - Null				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 12 - Null				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 13 - Null				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 14 - Null				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 15 - Null				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital single-year expenditure sub-total			2	2 155	14 249	7 750	7 274	11 199	8 764	5 705	13 054	9 452	5 909	5 559	4 518	95 592	46 668	49 281
Total Capital Expenditure			2	2 155	14 249	7 750	7 274	11 199	8 764	5 705	13 054	9 452	5 909	5 559	4 518	95 592	46 668	49 281

Table 38 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

KZN435 Umzimkhulu - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Ref	Description	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
														Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June			
1	Capital Expenditure - Functional															
	<i>Governance and administration</i>															
	Executive and council	-	-	100	250	750	50	1 000	970	900	-	100	-	4 180	-	-
	Finance and administration	-	-	-	70	200	50	100	-	-	-	-	-	420	-	-
	Internal audit	-	-	100	180	590	-	900	970	900	-	100	-	3 740	-	-
	<i>Community and public safety</i>															
	Community and social services	-	-	1 950	-	350	1 900	-	-	1 750	-	-	1 750	7 700	-	-
	Sport and recreation	-	-	200	-	350	150	-	-	1 750	-	-	1 750	700	-	-
	Public safety	-	-	1 750	-	-	1 750	-	-	-	-	-	-	7 000	-	-
	Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<i>Economic and environmental services</i>															
	Economic and environmental services	2 105	11 699	3 950	6 924	7 559	4 814	4 705	11 984	4 802	5 909	5 459	1 018	70 932	46 668	49 281
	Planning and development	-	-	183	-	-	693	-	-	450	-	-	200	1 525	-	-
	Road transport	2 105	11 699	3 768	6 924	7 559	4 122	4 705	11 984	4 352	5 909	5 459	818	69 407	46 668	49 281
	Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<i>Trading services</i>															
	Trading services	50	2 550	1 750	100	2 500	2 000	-	100	2 000	-	-	1 750	12 800	-	-
	Energy sources	-	-	1 750	-	-	1 750	-	-	1 750	-	-	1 750	7 000	-	-
	Water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Waste management	50	2 550	-	100	2 500	250	-	100	250	-	-	-	5 800	-	-
	<i>Other</i>															
	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Total Capital Expenditure - Functional	2 155	14 249	7 750	7 274	11 199	8 764	5 705	13 054	9 452	5 909	5 559	4 518	95 592	46 668	49 281
	Funded by:															
	National Government	1 855	6 009	3 180	3 909	4 384	4 034	4 205	6 309	3 034	3 159	2 284	730	43 087	46 668	49 281
	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Transfers and subsidies - capital (monetary allocations) (National / Provincial)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Transfers recognised - capital	1 855	6 009	3 180	3 909	4 384	4 034	4 205	6 309	3 034	3 159	2 284	730	43 087	46 668	49 281
	Borrowing	300	8 240	4 570	3 365	6 815	4 730	1 500	6 745	6 418	2 760	3 275	3 788	52 495	-	-
	Internally generated funds	2 155	14 249	7 750	7 274	11 199	8 764	5 705	13 054	9 452	5 909	5 559	4 518	95 592	46 668	49 281
	Total Capital Funding															

Table 39 MBRR SA30 - Budgeted monthly cash flow

UMzimkhulu Municipality[illegible]

KZN435 Umzimkhulu - Supporting Table SA30 Budgeted monthly cash flow																
MONTHLY CASH FLOWS		Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash Receipts By Source																
Property rates		247	3 747	247	247	247	247	247	247	247	247	247	247	6 466	6 763	7 074
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		161	161	161	161	161	161	161	161	161	161	161	161	1 927	2 016	2 109
Rent of facilities and equipment		48	48	48	48	48	48	48	48	48	48	48	48	579	608	633
Interest earned - external investments		921	921	921	921	921	921	921	921	921	921	921	921	11 055	11 563	12 095
Interest earned - outstanding debtors		18	18	18	18	18	18	18	18	18	18	18	18	212	222	232
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		36	36	36	36	36	36	36	36	36	36	36	36	653	683	714
Licences and permits		4	4	4	4	4	4	4	4	4	4	4	4	50	52	55
Agency services		100	100	100	100	100	100	100	100	100	100	100	100	1 200	1 255	1 313
Transfers and Subsidies - Operational		84 872	2 652	-	-	2 482	68 501	903	100	50 519	100	100	100	208 938	220 107	232 193
Other revenue		138	138	138	138	138	138	138	138	138	138	138	138	1 659	1 736	1 816
Cash Receipts by Source		86 545	7 825	1 673	1 673	4 165	70 174	1 673	2 576	52 192	1 673	1 673	1 673	233 739	245 003	256 234
Other Cash Flows by Source																
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		20 000	4 000	-	-	19 100	-	-	-	8 097	-	-	-	51 197	62 688	63 281
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on Disposal of Fixed and Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source		106 545	11 825	1 673	1 673	23 265	70 174	1 673	2 576	60 289	1 673	1 673	1 673	284 936	307 691	321 515
Cash Payments by Type																
Employment related costs		9 070	9 070	9 070	9 070	9 070	9 070	9 070	9 070	9 070	9 070	9 070	9 070	108 834	115 637	122 864
Remuneration of councillors		1 526	1 526	1 526	1 526	1 526	1 526	1 526	1 526	1 526	1 526	1 526	1 527	18 316	19 415	20 580
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Water & Sewer		546	546	546	546	546	546	546	546	546	546	546	546	6 850	6 851	7 157
Other materials		6 063	6 063	6 063	6 063	6 063	6 063	6 063	6 063	6 063	6 063	6 063	6 063	72 761	76 108	79 531
Contracted services		13	13	13	13	13	13	13	13	13	13	13	13	150	157	164
Transfers and grants - other municipalities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other		3 954	3 954	3 954	3 954	3 954	3 954	3 954	3 954	3 954	3 954	3 954	3 954	47 446	50 045	51 851
Other expenditure		21 172	21 172	21 172	21 172	21 172	21 172	21 172	21 172	21 172	21 172	21 172	21 172	254 060	268 212	282 147
Cash Payments by Type		7 966	7 966	7 966	7 966	7 966	7 966	7 966	7 966	7 966	7 966	7 966	7 966	95 592	64 325	57 290
Other Cash Flows/Payments by Type		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of borrowing		676	676	676	676	676	676	676	676	676	676	676	676	8 100	8 000	6 000
Other Cash Flows/Payments		29 813	29 813	29 813	29 813	29 813	29 813	29 813	29 813	29 813	29 813	29 813	29 813	357 752	330 537	305 437
Total Cash Payments by Type		76 732	(17 967)	(28 139)	(28 139)	(28 139)	(28 139)	(28 139)	(27 237)	30 476	(28 139)	(28 139)	(27 917)	(72 816)	(22 846)	(23 922)
NET INCREASE/(DECREASE) IN CASH HELD		189 934	266 666	248 678	230 539	192 400	185 852	226 214	198 074	170 837	201 314	173 174	145 035	139 934	117 118	94 271
Cash/cash equivalents at the month/year begin:		266 595	248 678	220 559	192 400	185 852	226 214	198 074	170 837	201 314	173 174	145 035	117 118	117 118	94 271	70 350
Cash/cash equivalents at the month/year end:																

1.14 Annual budgets and SDBIPs – internal departments

The SBIP is assembled in a way that it is aligned with annual budget and IDP.

1.15 Contracts having future budgetary implications (SA33)

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

1.16 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 40 MBRR SA 34a - Capital expenditure on new assets by asset class

KZN435 Umzimkhulu - Supporting Table SA34a Capital expenditure on new assets by asset class

Description R thousand	R ef 1	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		32 032	13 906	37 730	28 922	36 874	36 874	37 000	48 590	50 940
Roads Infrastructure		32 032	11 674	35 446	13 072	23 984	23 984	27 100	41 268	43 281
Roads		32 032	11 674	35 446	13 072	23 984	23 984	27 100	41 268	43 281
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	875	3 200	4 400	4 400	2 900	-	-
Drainage Collection		-	-	-	3 200	4 400	4 400	2 900	-	-
Storm water Conveyance		-	-	875	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	500	6 250	2 890	2 890	7 000	7 322	7 659
Power Plants		-	-	-	250	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	500	6 000	2 890	2 890	7 000	7 322	7 659
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	1 200	-	-	-	-	-
Dams and Weirs		-	-	-	1 200	-	-	-	-	-
Boreholes		-	-	-	-	-	-	-	-	-
Reservoirs		-	-	-	-	-	-	-	-	-
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		-	-	-	-	-	-	-	-	-
Bulk Mains		-	-	-	-	-	-	-	-	-

Distribution	-	-	-	-	-	-	-	-	-
Distribution Points	-	-	-	-	-	-	-	-	-
PRV Stations	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	200	600	600	-	-	-
Pump Station	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-
Waste Water Treatment Works	-	-	-	-	-	-	-	-	-
Outfall Sewers	-	-	-	200	600	600	-	-	-
Toilet Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	2 231	909	5 000	5 000	5 000	-	-	-
Landfill Sites	-	2 231	909	5 000	5 000	5 000	-	-	-
Waste Transfer Stations	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Community Assets	6 943	27 830	33 960	45 294	47 644	47 644	22 797	5 609	6 219
Community Facilities	6 943	27 830	19 049	19 011	16 615	16 615	11 497	5 400	6 000
Halls	6 943	16 751	1 000	17 000	11 030	11 030	11 297	5 400	6 000
Centres	-	-	-	-	-	-	-	-	-
Crèches	-	-	-	-	-	-	-	-	-
Clinics/Care Centres	-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations	-	-	80	-	-	-	-	-	-
Testing Stations	-	937	2 080	11	11	11	-	-	-
Museums	-	-	-	-	-	-	-	-	-
Galleries	-	-	-	-	-	-	-	-	-
Theatres	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria	-	1 401	1 966	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	-
Public Open Space	-	-	-	-	-	-	-	-	-
Nature Reserves	-	-	-	-	-	-	-	-	-
Public Ablution Facilities	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Stalls	-	8 741	13 923	2 000	5 574	5 574	200	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	14 912	26 283	31 029	31 029	11 300	209	219
Indoor Facilities	-	-	-	-	-	-	-	-	-
Outdoor Facilities	-	-	14 912	26 283	31 029	31 029	11 300	209	219
Capital Spares	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments	-	-	-	-	-	-	-	-	-
Historic Buildings	-	-	-	-	-	-	-	-	-
Works of Art	-	-	-	-	-	-	-	-	-
Conservation Areas	-	-	-	-	-	-	-	-	-
Other Heritage	-	-	-	-	-	-	-	-	-

		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-	-	-
Unimproved Property		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-	-	-
Unimproved Property		-	-	-	-	-	-	-	-	-
		5 337	1 238	523	800	400	400	10 500	-	-
Other assets		5 337	1 000	523	800	400	400	10 500	-	-
Operational Buildings		5 337	1 000	523	800	400	400	10 000	-	-
Municipal Offices		5 337	1 000	523	800	400	400	-	-	-
Pay/Enquiry Points		-	-	-	-	-	-	500	-	-
Depots		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Housing		-	239	-	-	-	-	-	-	-
Staff Housing		-	239	-	-	-	-	-	-	-
Social Housing		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		1 017	483	500	2 250	2 152	2 152	2 880	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		1 017	483	500	2 250	2 152	2 152	2 880	-	-
Water Rights		-	-	-	-	-	-	-	-	-
Effluent Licenses		-	-	-	-	-	-	-	-	-
Solid Waste Licenses		-	-	-	-	-	-	-	-	-
Computer Software and Applications		1 017	483	500	2 250	2 152	2 152	2 880	-	-
Load Settlement Software Applications		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
Computer Equipment		-	357	2 205	2 360	2 490	2 490	1 500	73	77
Computer Equipment		-	357	2 205	2 360	2 490	2 490	1 500	73	77
Furniture and Office Equipment		-	118	1 220	550	630	630	900	52	55
Furniture and Office Equipment		-	118	1 220	550	630	630	900	52	55
Machinery and Equipment		-	(1)	13 185	17 050	10 834	10 834	7 350	-	-
Machinery and Equipment		-	(1)	13 185	17 050	10 834	10 834	7 350	-	-
Transport Assets		-	897	2 500	6 870	5 720	5 720	-	-	-
Transport Assets		-	897	2 500	6 870	5 720	5 720	-	-	-
Land		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1	45 328	44 828	91 823	104 096	106 744	106 744	82 927	54 325	57 290

Table 41 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

KZN435 UMzikhulu - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description R thousand	R ef 1	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<u>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</u>										
-										
<u>Infrastructure</u>		-	-	997	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	997	-	-	-	-	-	-
Landfill Sites		-	-	997	-	-	-	-	-	-
Waste Transfer Stations		-	-	-	-	-	-	-	-	-
Unimproved Property		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	2 000	-	-
<u>Other assets</u>										
Operational Buildings		-	-	-	-	-	-	2 000	-	-
Municipal Offices		-	-	-	-	-	-	-	-	-
Pay/Enquiry Points		-	-	-	-	-	-	-	-	-
Building Plan Offices		-	-	-	-	-	-	-	-	-
Workshops		-	-	-	-	-	-	-	-	-
Yards		-	-	-	-	-	-	2 000	-	-
Stores		-	-	-	-	-	-	-	-	-
Laboratories		-	-	-	-	-	-	-	-	-
Training Centres		-	-	-	-	-	-	-	-	-
Manufacturing Plant		-	-	-	-	-	-	-	-	-
Depots		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Staff Housing		-	-	-	-	-	-	-	-	-
Social Housing		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
<u>Biological or Cultivated Assets</u>		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
<u>Intangible Assets</u>		-	254	470	800	800	800	665	-	-
Servitudes		-	-	-	-	-	-	-	-	-

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Licences and Rights	-	254	470	800	800	800	665	-	-
<i>Water Rights</i>	-	-	-	-	-	-	-	-	-
<i>Effluent Licenses</i>	-	-	-	-	-	-	-	-	-
<i>Solid Waste Licenses</i>	-	-	-	-	-	-	-	-	-
<i>Computer Software and Applications</i>	-	254	470	800	800	800	665	-	-
<i>Load Settlement Software Applications</i>	-	-	-	-	-	-	-	-	-
<i>Unspecified</i>	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing assets	1	-	254	1 467	800	800	800	2 665	-
Renewal of Existing Assets as % of total capex		0.0%	0.6%	1.6%	0.8%	0.7%	0.7%	2.8%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	2.8%	1.5%	1.5%	1.5%	4.7%	0.0%

Table 42 MBRR SA34c - Repairs and maintenance expenditure by asset class
KZN435 Umzimkhulu - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description R thousand	R ef 1	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		7 239	6 711	7 830	12 100	8 492	8 492	12 920	13 514	14 136
Roads Infrastructure		7 239	4 765	7 500	8 000	6 131	6 131	8 000	8 368	8 753
Roads		7 239	4 765	7 500	8 000	6 131	6 131	8 000	8 368	8 753
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	873	-	3 000	2 100	2 100	4 000	4 184	4 376
Drainage Collection		-	873	-	3 000	2 100	2 100	4 000	4 184	4 376
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	261	230	1 000	211	211	900	941	985
Power Plants		-	261	230	1 000	211	211	900	941	985
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs		-	-	-	-	-	-	-	-	-
Boreholes		-	-	-	-	-	-	-	-	-
Reservoirs		-	-	-	-	-	-	-	-	-
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		-	-	-	-	-	-	-	-	-
Bulk Mains		-	-	-	-	-	-	-	-	-
Distribution		-	-	-	-	-	-	-	-	-
Distribution Points		-	-	-	-	-	-	-	-	-
PRV Stations		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Pump Station		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Waste Water Treatment Works		-	-	-	-	-	-	-	-	-
Outfall Sewers		-	-	-	-	-	-	-	-	-
Toilet Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	812	100	100	50	50	20	21	22
Landfill Sites		-	812	100	100	50	50	20	21	22
Waste Transfer Stations		-	-	-	-	-	-	-	-	-

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Waste Processing Facilities	-	-	-	-	-	-	-	-	-
Waste Drop-off Points	-	-	-	-	-	-	-	-	-
Waste Separation Facilities	-	-	-	-	-	-	-	-	-
Electricity Generation Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Rail Lines	-	-	-	-	-	-	-	-	-
Rail Structures	-	-	-	-	-	-	-	-	-
Rail Furniture	-	-	-	-	-	-	-	-	-
Drainage Collection	-	-	-	-	-	-	-	-	-
Storm water Conveyance	-	-	-	-	-	-	-	-	-
Attenuation	-	-	-	-	-	-	-	-	-
MV Substations	-	-	-	-	-	-	-	-	-
LV Networks	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Sand Pumps	-	-	-	-	-	-	-	-	-
Piers	-	-	-	-	-	-	-	-	-
Revetments	-	-	-	-	-	-	-	-	-
Promenades	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Data Centres	-	-	-	-	-	-	-	-	-
Core Layers	-	-	-	-	-	-	-	-	-
Distribution Layers	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Community Assets	939	1 580	2 141	1 400	2 030	2 030	2 600	2 720	2 845
Community Facilities	939	417	672	800	1 330	1 330	1 630	1 705	1 783
Halls	939	128	564	620	1 120	1 120	490	513	536
Centres	-	-	-	-	-	-	-	-	-
Crèches	-	-	-	-	-	-	-	-	-
Clinics/Care Centres	-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations	-	-	-	-	-	-	-	-	-
Testing Stations	-	-	-	-	-	-	-	-	-
Museums	-	-	-	-	-	-	-	-	-
Galleries	-	-	-	-	-	-	-	-	-
Theatres	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	1 000	1 046	1 094
Parks	-	-	-	-	-	-	-	-	-
Public Open Space	-	-	-	-	-	-	-	-	-
Nature Reserves	-	-	-	-	-	-	-	-	-
Public Ablution Facilities	-	173	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Stalls	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals	-	117	109	180	210	210	140	146	153

Capital Spares	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	1 163	1 469	600	700	700	970	1 015	1 061
Indoor Facilities	-	-	-	-	-	-	-	-	-
Outdoor Facilities	-	1 163	1 469	600	700	700	970	1 015	1 061
Capital Spares	-	-	-	-	-	-	-	-	-
	1	1	1	1	1	1	1	1	1
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments	-	-	-	-	-	-	-	-	-
Historic Buildings	-	-	-	-	-	-	-	-	-
Works of Art	-	-	-	-	-	-	-	-	-
Conservation Areas	-	-	-	-	-	-	-	-	-
Other Heritage	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
	1 883	786	2 980	2 170	2 261	2 261	810	847	886
Other assets	1 883	786	2 930	2 040	2 131	2 131	810	847	886
Operational Buildings	1 883	786	2 930	2 040	2 131	2 131	810	847	886
Municipal Offices	1 883	786	2 930	2 040	2 131	2 131	810	847	886
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-
Building Plan Offices	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-
Yards	-	-	-	-	-	-	-	-	-
Stores	-	-	-	-	-	-	-	-	-
Laboratories	-	-	-	-	-	-	-	-	-
Training Centres	-	-	-	-	-	-	-	-	-
Manufacturing Plant	-	-	-	-	-	-	-	-	-
Depots	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Housing	-	-	50	130	130	130	-	-	-
Staff Housing	-	-	50	130	130	130	-	-	-
Social Housing	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Water Rights	-	-	-	-	-	-	-	-	-
Effluent Licenses	-	-	-	-	-	-	-	-	-
Solid Waste Licenses	-	-	-	-	-	-	-	-	-
Computer Software and Applications	-	-	-	-	-	-	-	-	-
Load Settlement Software	-	-	-	-	-	-	-	-	-
Applications	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-	-	-	-

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<u>Computer Equipment</u>		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
<u>Furniture and Office Equipment</u>		-	131	300	400	140	140	700	732	766
Furniture and Office Equipment		-	131	300	400	140	140	700	732	766
<u>Machinery and Equipment</u>		-	1 588	1 465	1 020	2 290	2 290	1 930	2 019	2 112
Machinery and Equipment		-	1 588	1 465	1 020	2 290	2 290	1 930	2 019	2 112
<u>Transport Assets</u>		-	606	400	400	800	800	800	837	875
Transport Assets		-	606	400	400	800	800	800	837	875
<u>Land</u>		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
<u>Zoo's, Marine and Non-biological Animals</u>		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	10 061	11 403	15 116	17 490	16 013	16 013	19 760	20 669	21 620
R&M as a % of PPE		2.4%	2.8%	3.5%	3.9%	3.5%	3.5%	4.4%	4.2%	4.6%
R&M as % Operating Expenditure		5.3%	5.3%	5.5%	5.8%	5.7%	5.7%	7.0%	6.6%	6.5%

Table 43 MBRR SA35 - Future financial implications of the capital budget
KZN435 Umzimkhulu - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	Ref	2020/21 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Present value
Capital expenditure	1	420	126	131				
Vote 1 - Executive & Council		3 740	-	-				
Vote 2 - Finance & Administration		7 700	-	-				
Vote 3 - Community & Social Service		1 525	-	-				
Vote 4 - Strategic Planning & Housing		82 207	54 199	57 159				
Development		-	-	-				
Vote 5 - Infrastructure		-	-	-				
Vote 6 - Other		-	-	-				
Vote 7 - Null		-	-	-				
Vote 8 - Null		-	-	-				
Vote 9 - Null		-	-	-				
Vote 10 - Null		-	-	-				
Vote 11 - Null		-	-	-				
Vote 12 - Null		-	-	-				
Vote 13 - Null		-	-	-				
Vote 14 - Null		-	-	-				
Vote 15 - Null		-	-	-				
<i>List entity summary if applicable</i>		95 592	54 325	57 290	-	-	-	-
Total Capital Expenditure								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>		-	-	-	-	-	-	-
Total future revenue								
Net Financial Implications		95 592	54 325	57 290	-	-	-	-

Table 41 MBBR SA36 - Detailed capital budget per municipal vote

Table 45 MBRR SA37 - Projects delayed from previous financial year

[illegible]

Table 46 Consolidated Detail Operational Project

Refer to A1 Schedule SA 38

1.17 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed seven interns undergoing training in various divisions of the Financial Services Department. Since August 2012 five interns has been appointed permanently by municipality. Since the introduction of the Internship programme the Municipality has successfully employed and trained 17 interns through this programme and a majority of them were appointed either in the Municipality or other Institutions such as KPMG, Ernest & Young, SARS, Auditor General, and National Treasury.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail final SDBIP 2020/2021 document is at a final stage and the mayor will approval it on or before 28 days after approval of the final budget as per the Municipal Finance Management Act Section 53 (c) (ii), directly aligned and informed by the 2020/21 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training

UMzimkhulu Municipality

The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.

8. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

9. Municipal Standard Chart of Account

Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognised accounting practice, uniform expenditure classifications and uniform treasury norms and standards.

In order to enable the National Treasury provide consolidated local government information for incorporation in national accounts, national policy and other purposes, it must obtain financial information from individual municipalities.

UMzimkhulu municipality is fully engaged to this project as it form part of the compliance. The mSCOA team has been established and it's functioning.

The mSCOA has been introduced to the municipal council for buy in.

The municipality was formulate the following documents in order to make sure that by the 01 July 2017 the municipality comply, Terms of reference for the mSCOA appointed member formulated, The mSCOA process/project plan, AND the mSCOA risk register were submitted to provincial treasury.

During this budget compilation the team was busy working on the mSCOA in the financial system and it was uploaded successful on the National Treasury portal.

There is a budget put aside for this project for 2020/2021 and it is accommodated on the following line items: Capacity building (for the training of employees), Subsistence and travelling (in order to travel and accommodation for trainings) and Consultancy fees (currently no financial system is an mSCOA compliant until National Treasury release names of vendors who are compliant by the result of the pilot municipality. The municipality put a budget aside in order to procure the system if it's required).

MFMA Circular 80 which is a follow up of circular no.57 advises the municipality to do their own compliance check based on Circular checklist on current financial systems and internal controls as a minimum requirements, comply with these explicit business process requirements as contained in the mSCOA Regulation

1.18 Other supporting documents

Table 46 MBRR Table SA1 - Supporting detail to budgeted financial performance

Refer to A1 Schedule SA1

Table 47 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Vote 13.	Vote 14.	Vote 15.	Total
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[illegible]

Table 48 MBRR Table SA3 – Supporting detail to Statement of Financial Position

KZN435 Umzinkhulu - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	R e f	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
ASSETS											
<u>Consumer debtors</u>											
Consumer debtors		3 623	5 312	5 010	9 819	9 819	9 819	9 819	10 261	10 733	11 227
Less: Provision for debt impairment		(983)		–	(2 376)	(2 376)	(2 376)	(2 376)	(2 483)	(2 597)	(2 717)
Total Consumer debtors	2	2 639	5 312	5 010	7 443	7 443	7 443	7 443	7 778	8 136	8 510
<u>Debt impairment provision</u>											
Balance at the beginning of the year											
Contributions to the provision		–	–	–	–	–	–	–	–	–	–
Bad debts written off											
Balance at end of year		–	–	–	–	–	–	–	–	–	–
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		417 601	413 230	435 002	884 437	889 815	889 815	889 815	981 862	981 363	1 026 972
Leases recognised as PPE	3	–	–	–	–	–	–	–	–	–	–
Less: Accumulated depreciation		–	–	–	435 798	435 798	435 798	435 798	492 491	515 145	538 842
Total Property, plant and equipment (PPE)	2	417 601	413 230	435 002	448 639	454 017	454 017	454 017	489 371	466 218	488 130
LIABILITIES											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)		–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		–	–	–	–	–	–	–	–	–	–
Total Current liabilities - Borrowing		–	–	–	–	–	–	–	–	–	–
<u>Trade and other payables</u>											
Trade Payables	5	–	–	–	–	–	–	–	–	–	–
Other creditors		56 051	38 387	20 610	11 613	11 613	11 613	11 613	11 613	12 147	12 706
Unspent conditional transfers		–	19 250	18 230	–	–	–	–	–	–	–
VAT		–	–	–	–	–	–	–	–	–	–
Total Trade and other payables	2	56 051	57 637	38 839	11 613	11 613	11 613	11 613	11 613	12 147	12 706
<u>Non current liabilities - Borrowing</u>											
Borrowing	4	–	–	–	–	–	–	–	–	–	–
Finance leases (including PPP asset element)		–	–	–	–	–	–	–	–	–	–
Total Non current liabilities - Borrowing		–	–	–	–	–	–	–	–	–	–
<u>Provisions - non-current</u>											
Retirement benefits		–	–	–	–	–	–	–	–	–	–

Refuse landfill site rehabilitation		4 120	3 021	4 203	3 716	3 716	3 716	3 716	3 883	4 062	4 249
Other		–	2 207	2 137	–	–	–	–	–	–	–
Total Provisions - non-current		4 120	5 228	6 340	3 716	3 716	3 716	3 716	3 883	4 062	4 249
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		514 524	550 080	609 340	567 370	572 317	572 317	572 317	644 217	619 079	646 011
GRAP adjustments		–	–	–	–	–	–	–	–	–	–
Restated balance		514 524	550 080	609 340	567 370	572 317	572 317	572 317	644 217	619 079	646 011
Surplus/(Deficit)		34 542	23 417	(19 530)	(15 270)	16 154	16 154	16 154	(32 248)	(26 098)	(26 757)
Transfers to/from Reserves		–	–	–	–	–	–	–	–	–	–
Depreciation offsets		–	–	–	–	–	–	–	–	–	–
Other adjustments		–	–	–	–	–	–	–	–	–	–
Accumulated Surplus/(Deficit) Reserves	1	549 065	573 496	589 811	552 100	588 471	588 471	588 471	611 969	592 982	619 254
Housing Development Fund	–	19 216	21 119	23 586	23 023	23 023	23 023	23 023	24 059	25 166	26 323
Capital replacement		–	–	–	–	–	–	–	–	–	–
Self-insurance		–	–	–	–	–	–	–	–	–	–
Other reserves		–	–	–	–	–	–	–	–	–	–
Revaluation		–	–	–	–	–	–	–	–	–	–
Total Reserves	2	19 216	21 119	23 586	23 023	23 023	23 023	23 023	24 059	25 166	26 323
TOTAL COMMUNITY WEALTH/EQUITY	2	568 281	594 616	613 397	575 123	611 494	611 494	611 494	636 028	618 148	645 577

Table 49 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Refer to A1 Schedule SA9

KwaZulu Natal: UMzimkhulu Municipality(KZN435) - Schedule of Service Delivery Standards	
Table 50	
Description	Service Level
Standard	
Solid Waste Removal	
Premise based removal (Residential Frequency)	once per week and twice per week
Premise based removal (Business Frequency)	Daily, once per week and twice per week
Bulk Removal (Frequency)	Daily
Removal Bags provided(Yes/No)	Yes
Garden refuse removal Included (Yes/No)	Yes
Street Cleaning Frequency in CBD	Daily/ ongoing
Street Cleaning Frequency in areas excluding CBD	once per week
How soon are public areas cleaned after events (24hours/48hours/longer)	24hrs
Clearing of illegal dumping (24hours/48hours/longer)	48hrs/longer
Recycling or environmentally friendly practices(Yes/No)	Yes
Licensed landfill site(Yes/No)	No
Water Service	
Water Quality rating (Blue/Green/Brown/NO drop)	
Is free water available to all? (All/only to the indigent consumers)	
Frequency of meter reading? (per month, per year)	
Are estimated consumption calculated on actual consumption over (two month's/three month's/longer period)	
On average for how long does the municipality use estimates before reverting back to actual readings? (months)	
<i>Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)</i>	
One service connection affected (number of hours)	
Up to 5 service connection affected (number of hours)	
Up to 20 service connection affected (number of hours)	
Feeder pipe larger than 800mm (number of hours)	
What is the average minimum water flow in your municipality?	
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	
How long does it take to replace faulty water meters? (days)	
Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)	
Electricity Service	
What is your electricity availability percentage on average per month?	
Do your municipality have a ripple control in place that is operational? (Yes/No)	
How much do you estimate is the cost saving in utilizing the ripple control system?	
What is the frequency of meters being read? (per month, per year)	

Are estimated consumption calculated at consumption over (two month's/three month's/longer period)	
On average for how long does the municipality use estimates before reverting back to actual readings? (months)	
Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)	
Are accounts normally calculated on actual readings? (Yes/no)	
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	
How long does it take to replace faulty meters? (days)	
Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)	
How effective is the action plan in curbing line losses? (Good/Bad)	
How soon does the municipality provide a quotation to a customer upon a written request? (days)	
How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)	
How long the municipality does takes to provide electricity service for low voltage users where network extension is not required? (working days)	
How long the municipality does takes to provide electricity service for high voltage users where network extension is not required? (working days)	
Sewerage Service	
Are your purification system effective enough to put water back in to the system after purification?	
To what extend do you subsidize your indigent consumers?	
How long does it take to restore sewerage breakages on average	
Severe overflow? (hours)	
Sewer blocked pipes: Large pipes? (Hours)	
Sewer blocked pipes: Small pipes? (Hours)	
Spillage clean-up? (hours)	
Replacement of manhole covers? (Hours)	
Road Infrastructure Services	
Time taken to repair a single pothole on a major road? (Hours)	Minimum 1hr per square meter
Time taken to repair a single pothole on a minor road? (Hours)	Minimum 1hr per square meter
Time taken to repair a road following an open trench service crossing? (Hours)	Minimum 2hr per square meter
Time taken to repair walkways? (Hours)	Minimum 1hr per square meter
Property valuations	
How long does it take on average from completion to the first account being issued? (one month/three months or longer)	1 month
Do you have any special rating properties? (Yes/No)	no

Financial Management	
Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)	No
Are the financial statement outsourced? (Yes/No)	No
Are there Council adopted business process structuring the flow and management of documentation feeding to Trial Balance?	Yes
How long does it take for a Tax/Invoice to be paid from the date it has been received?	30 days
Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans?	1 yr
Administration	
Reaction time on enquiries and requests?	48hrs
Time to respond to a verbal customer enquiry or request? (working days)	48hrs
Time to respond to a written customer enquiry or request? (working days)	48hrs
Time to resolve a customer enquiry or request? (working days)	48hrs
What percentage of calls are not answered? (5%,10% or more)	0% (customer care system)
How long does it take to respond to voice mails? (hours)	Never Happen
Does the municipality have control over locked enquiries? (Yes/No)	Yes
Is there a reduction in the number of complaints or not? (Yes/No)	Yes
How long does it take to open an account to a new customer? (1 day/ 2 days/ a week or longer)	1 day
How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?	When applicable
Community safety and licensing services	
How long does it take to register a vehicle? (minutes)	5 minutes
How long does it take to renew a vehicle license? (minutes)	5 minutes
How long does it take to issue a duplicate registration certificate vehicle? (minutes)	5 weeks
How long does it take to de-register a vehicle? (minutes)	5 minutes
How long does it take to renew a driver's license? (minutes)	20 minutes
What is the average reaction time of the fire service to an incident? (minutes)	5 minutes
What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)	n/a
What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)	n/a
Economic development	
How many economic development projects does the municipality drive?	40 developments projects
How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?	9 catalytic programs
What percentage of the projects have created sustainable job security?	30 percent
Does the municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No)	No
Other Service delivery and communication	

Is a information package handed to the new customer? (Yes/No)	Yes
Does the municipality have training or information sessions to inform the community? (Yes/No)	Yes
Are customers treated in a professional and humanly manner? (Yes/No)	Yes

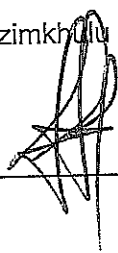
Municipal manager's quality certificate

I **Zweliphansi Stanley Sikhosana** municipal manager of UMzimkhulu Municipality, hereby certify that the final budget 2020/2021 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name **Zweliphansi Stanley Sikhosana**

Municipal manager of UMzimkhulu Municipality (KZN435)

Signature



Date

29 May 2020

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OFFICE OF THE MUNICIPAL MANAGER

PROVINCE OF KWAZULU-NATAL
KZN 435

EXTRACT FROM THE MINUTES OF THE SPECIAL COUNCIL MEETING HELD ON 28 MAY 2020

SPCL400/28.05.2020-1 REQUEST RESOLUTION FOR FINAL BUDGET AND RELATED DOCUMENTS 2020/2021 LEGAL REQUIREMENT

In terms of section 24 (1) of the MFMA which states that the municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.

(2) An annual budget -

- a) must approved before the start of the budget year,
- b) is approved by the council resolution by the council of a resolution referred to in section 17(3)(a)(i); and
- c) must be approved together with the adoption of resolutions as may be necessary -
 - I. imposing any municipal tax for the budget year;
 - II. setting any municipal tariffs for the budget year;
 - III. approving measurable performance objective for revenue from each source and for each vote in the budget;
 - IV. approving any changes to the municipality integrated development plan; and
 - V. Approving any changes to the municipality's budget-related policies.

RESOLUTION:

Council resolved:

- To adopt the Final Budget, Tariffs, and Budget Related Policies, Bylaws and Service Delivery Standard for 2020/2021. It was proposed by Cllr V Mhatu and seconded by Cllr M Zulu.

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OFFICE OF THE MUNICIPAL MANAGER

PROVINCE OF KWAZULU-NATAL
KZN 435

Approved and Signed by

.....
ZS Sikhosana
Municipal Manager

29/05/2020
.....
Date